

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday December 30 1983

Why the Soviet Union
is haunted
by spectres, Page 6

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NEWS SUMMARY

GENERAL

S. Africa push into Angola deepens

South African aircraft have attacked a Swapo regional headquarters 300 km inside Angola and knocked out anti-aircraft missile sites over wide areas of southern Angola, South Africa's defence forces chief General Constand Viljoen said yesterday.

He expected his troops to withdraw in the next week or so. The purpose of the incursion, which began on December 6, was to prevent a large-scale Swapo infiltration into northern Namibia early next year, he said.

Twenty-six hostages, including 12 children and six missionaries, freed by the Angolan guerrilla group Unita under a Christmas amnesty, arrived in South Africa.

Jordanian shot dead

A Jordanian embassy official was shot dead and another wounded by an Arab shortly after leaving the Madrid embassy by car, police said.

Visit to Israel

Egypt's assistant foreign minister Shafiq Abdel-Hamid met Israeli Prime Minister Yitzhak Shamir for talks during the first visit to Israel by a senior Egyptian official for more than a year. Page 2

Sidon protest

Shops in Sidon, southern Lebanon, were closed in protest at arrests made by Israeli occupation forces.

Flick suit by SPD

West Germany's opposition Social Democratic Party (SPD) filed a suit against the Government seeking access to files on the Flick bribery scandal.

S-Bahn handover

East Germany initiated an agreement to hand over to West Berlin operation of the western part of the city's S-Bahn rail systems, which it has controlled since the 1950s.

Kidnap suspect

Heineken kidnap suspect Frans Meijer, 30, was being questioned after giving himself up at Amsterdam police headquarters.

Gas tank 'dropped'

A propane gas tank dropped from a truck by warehouse workers probably caused Tuesday's explosion that killed six people in Buffalo, New York, firemen said.

Deaths halt voting

Voting was suspended in seven Bangladeshi rural election centres after three people died in clashes between supporters of rival candidates.

Beach Boy dies

Beach Boys pop group member Dennis Wilson, 39, drowned while swimming in the sea off Los Angeles.

Caroline marries

Princess Caroline of Monaco, 26, married Italian businessman Stefano Casiraghi, 23, in a civil ceremony in the Monte Carlo palace.

Pilot ruling

A Chicago court ruled that Eastern Air Lines must re-engage a former male pilot who had sex-change surgery.

The Financial Times will not be published on Monday. Tomorrow's edition will be published as usual from London. The Financial Times extends to its readers best wishes for the new year.

BUSINESS

OECD warns on welfare spending

BENEFITS will have to be cut in real terms if the seven leading industrial countries are to contain welfare spending at its present proportion, the Organisation for Economic Co-operation and Development says. Page 8. Editorial comment, Page 6

DOLLAR fell to DM 2.728 (DM 2.751), SwFr 2.18 (SwFr 2.1875), FFf 8.35 (FFf 8.42) and Y23.3 (Y23.33). Its Bank of England trade-weighted index was 129.5 (130.1). In New York it closed at DM 2.715, SwFr 2.177, Y23.185 and FFf 8.3. Page 21

STERLING rose to \$1.4485, up 1.35c from Wednesday's close in London, DM 3.555 (DM 3.55), SwFr 3.16 (SwFr 3.1425), FFf 12.09 (FFf 12.08) and Y336.5 (Y336.5). Its Bank of England trade-weighted index was 82.8 (82.5). In New York it closed at \$1.453. Page 21

GOLD rose \$4.25 to \$382.125 in London. In Frankfurt it closed \$4.5 higher at \$382.25 and in Zurich it added \$4.25 to \$382.25. In New York, the Comex close was \$385.5. Page 29



AUSTRALIA: All Ordinaries index closed 42.2 up at a record 769.9, buoyed by options being taken up and traditional end-of-year buying. Industrial stocks led the way. The Industrial Index passed the 1,000 mark, finishing at 1,002.9. Report, Page 14. Leading prices, other exchange, Page 14

TOKYO markets were closed for the new year holiday.

WALL STREET: Dow Jones Industrial Average closed 3.05 down at 1,280.16. Report, Page 11. Full share prices, Page 14-15

LONDON: FT Industrial Ordinary index shed 31 to 72.5. Government securities eased, showing falls of 1/2%. Report, Page 15. FT Share Information Service, Pages 16-17

U.S. TREASURY and the Netherlands Antilles, a Caribbean tax haven, hope to agree a new tax treaty next month after failing to meet tomorrow's deadline.

CONTAINER shipping rates rise by 12 per cent on January 1. Page 3

TURKISH Prime Minister Turgut Ozal abolished most foreign exchange controls and raised import and other duties to help to finance a housing programme. Page 2

SYNDICATED BANK lending dropped by more than a third to \$64bn in 1983 compared with 1982, the Organisation for Economic Co-operation and Development said. Page 2

ITALIAN petrol price rose by 1.05 to L1,300 (\$0.77) a litre as part of government measures aimed at raising L2,000bn extra revenue. Page 2

JAPANESE consumer spending revival is about to start, say economists in Tokyo. That might take economic growth near 5 per cent in 1984, compared with 3 per cent this year.

U.S. EXPORTS to Arab countries were worth \$13.8bn in the first 10 months, 10 per cent less than in the corresponding period last year, the Commerce Department said.

Nigeria to slash capital spending and imports bill

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

President Shagari of Nigeria yesterday presented the toughest budget during his four years in power. He slashed capital spending by almost 30 per cent, and called for a reduction in imports of almost 40 per cent, in order to reduce the Government's huge budget deficit and restore equilibrium to the balance of payments.

The measures come on top of an existing austerity programme which has resulted in negative economic growth over the past year, rising unemployment in manufacturing industry, and an accelerating inflation rate.

They are intended to go a considerable way towards meeting the conditions of the International Monetary Fund (IMF) and the World Bank, both of which are involved in negotiations for loans to tide the country over its present economic crisis. However, President Shagari avoided any reference to devaluation of the naira, the major point of disagreement between his Government and the IMF.

The President's budget speech, delivered to the National Assembly in Lagos, sets out the broad macro-economic targets of the Government in 1984, without spelling out specific policies.

Further measures to restrict im-

ports to essential raw materials, machinery, spare parts and foodstuffs are likely to be announced in the near future, along with price increases for petrol and other state-subsidised goods and services, and tax changes to raise government revenues outside the oil industry.

The austerity measures have been forced on Nigeria because of the slump in its oil exports over the past three years from more than 2m barrels a day (b/d) to a current level of only 1.3m b/d. President Shagari warned that government finances were in a "critical state" because expenditure had continued to increase in spite of the drop in its oil revenues, resulting in ever-increasing budget deficits.

"Our country can simply not afford to continue along that path," he said. "It is clear that a structural readjustment of the economy is imperative."

The President announced a series

of reforms intended to cut out waste and bureaucracy, reduce corruption and streamline the public sector. Subsidies to public corporations would be reduced. He also promised a simplification both of import licensing procedures, and of the strict guidelines governing bank loans to different sectors of the economy.

The most important change affecting exporters to Nigeria is the decentralisation of foreign exchange allocation - through the issue of so-called M forms - from the Central Bank of Nigeria to the commercial and merchant banks. Guidelines on how the system will work are to be issued within the next week by the central bank, according to senior officials.

President Shagari said that Nigeria's imports had already been cut from N11.3bn (\$14.9bn) in 1982

Continued on Page 8

French industrial policy attacked by union leader

BY PAUL BETTS IN PARIS

M EDMOND MAIRE, leader of France's pro-Socialist CFTD trade union group, yesterday attacked the left-wing Government's industrial policies and its failure to consult the labour movement on key issues. He was especially critical of the Government's handling of the increasingly controversial Talbot affair.

After talks with M Laurent Fabius, the Industry Minister, M Maire said: "Talbot is the very example of what must not be done. One cannot impose decisions on salaried workers and the unions."

Although the closest of the big unions to the Socialist administration, the CFTD has become the most outspoken critic of government industrial policy and the most intransigent party in the dispute over the Peugeot group's proposals to reduce the workforce of its Peugeot and Talbot car divisions in France by 7,500 workers.

The CFTD, which has been losing ground to the pro-Communist and larger CGT labour confederation, has been especially angered by the recent compromise between Peugeot and the Government on the issue.

To secure government approval for its redundancy plan, the financially troubled private car group

agreed to reduce the number of lay-offs at its large Talbot plant at Poissy, outside Paris, from 2,900 to 1,900 workers.

But the CFTD, and subsequently the CGT, have opposed the compromise, with the result that the Talbot plant, formerly owned by the U.S. Chrysler group, has been paralysed by a strike for the past three weeks.

Peugeot has now warned that it may be forced to shut down the Poissy plant, which employs 17,000 people and which could eventually close because of the bankruptcy of Talbot et Cie, Peugeot's French Talbot subsidiary, unless the unions agree to allow the factory to reopen next Monday.

While the affair has so far not had a serious impact on Talbot's operations in the UK and Spain, Peugeot appears to be increasingly worried that the strike could disrupt the operations in both countries.

Peugeot provides spare parts to the Talbot factories of Coventry in England and of Villaverde in Spain. The effects of the protracted Poissy strike could disrupt the supply of spare parts to both plants early next month, car industry sources claimed in Paris yesterday.

They added this could possibly lead to the need to make lay-offs in the UK and Spain.

The situation at the Poissy plant remained very tense yesterday. The plant continued to be occupied by some 400 workers despite a court order on Tuesday outlawing the sit-in. So far, however, the company has decided not to call in police to evict the workers camped in one of the main assembly buildings.

The car group yesterday sent 500 workers into the plant to clean the factory to prepare it for the scheduled but increasingly doubtful reopening on Monday. But the cleaners had to turn back when the workers protesting inside refused to let them into the assembly building.

The cleaners are due to return to the plant this morning, although the CFTD union has said they would again be refused entry. For its part, the CGT union has opposed the picketing and has sought to persuade its members to avoid violence and disorders.

Both labour unions are trying to retain their influence among the predominantly North African immigrant labour force of the Poissy plant. Many immigrants, however, feel let down by the unions, further fuelling the tensions at the plant.

Continued on Page 8

Good year for Austin Rover, Page 4

Reinsurers raise premiums to cut underwriting losses

BY ERIC SHORT IN LONDON

LEADING reinsurance companies operating in the UK market are raising their premium rates in an effort to stem their rising underwriting losses over the past few years.

They are also imposing stiffer terms on each of their reinsurance treaties up for renewal and insisting that direct insurers should take a larger share of the risk.

The tougher terms apply from January 1 and particularly affect proportional business.

For several years, worldwide reinsurance markets have been "soft" in that the terms offered by reinsurers have been unrealistic and almost certain to result in underwriting losses; the premiums re-

ceived would fail to cover the claims paid and expenses incurred.

More reinsurers had entered the market than the demand warranted, resulting in overcapacity. High interest rates, meanwhile, resulted in buoyant investment income which reinsurers used to offset underwriting losses.

Although underwriting losses have mounted steadily, the major reinsurance companies have been reluctant to take the necessary corrective action, because they did not feel that it had a chance of success. The direct insurers would simply have gone elsewhere for their reinsurance.

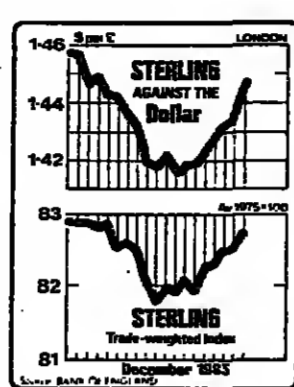
Reinsurers now feel, however, that tougher terms can be achieved.

Capacity is down by one-third as some reinsurers have pulled out of the market, and others have cut back their business. Interest rates are also lower.

Direct insurers are now getting concerned over the stability and solvency of some of the reinsurers on the market and are becoming wary of fringe operators and so are less likely to seek alternative arrangements.

The major reinsurers report that the loss of business as a result of their action is so far within the limits expected, though it will be some weeks before the position can be accurately assessed.

UK group buys into French life market, Page 8



Dollar declines in light trading

By Philip Stephens in London

SIGNS THAT the upward pressure on U.S. interest rates may be easing brought losses for the dollar against all the major currencies yesterday, pushing sterling to its highest level for three weeks.

With trading on the London markets running at about a quarter of its normal levels, foreign exchange dealers cautioned against seeing the fall as the start of any big reversal for the U.S. currency.

Meanwhile, in Zurich Dr Fritz Leutwiler, chairman of the Bank for International Settlements and the Swiss National Bank, said Switzerland and West Germany had managed to "uncouple" from the dollar and high U.S. interest rates with only a small rise in their inflation rates.

Uncoupling from dollar interest rates implies accepting a lower exchange rate - and its inflationary implications - rather than automatically raising interest rates to match U.S. levels to maintain a currency parity.

In an interview with two German and Swiss business magazines, Dr Leutwiler said uncoupling was possible "if we are prepared to take in to account higher dollar exchange rates."

The BIS chairman said there would be no concerted international action against the U.S. currency. "We shall simply not oppose free market forces - and at present these happen to favour the dollar."

On foreign exchange markets, news of a 0.4 per cent drop in the index of U.S. leading indicators, the first fall in the index for 15 months, was interpreted as further evidence that pre-Christmas fears that the U.S. economy was overheating may have been misplaced.

Taken with the Commerce Department's earlier "dash" forecast of lower GDP growth in the fourth quarter than expected, the index pointed to stable, if not lower, interest rates, currency dealers said.

Money Markets, Page 21

Fall in U.S. index 'reflects stable growth'

BY STEWART FLEMING IN WASHINGTON

THE U.S. index of leading economic indicators slipped 0.4 per cent in November, the first decline for 15 months, the Commerce Department reported yesterday.

The fall was promptly interpreted as further evidence that the economy was easing back from the hectic expansion reported in the second and third quarters of this year, to what Reagan Administration officials hope will be a steadier growth rate in the approach to next year's election.

Mr Malcolm Baldrige, the Commerce Secretary, said after the announcement: "The pattern of growth in the leading index during recent months is an indication that the business expansion is settling down to a moderate and sustainable pace."

Last week the Commerce Department released its first "flash" estimate of fourth-quarter gross national product based on data relating to the first two months of the quarter.

This predicted a rise of real GNP of 4.3 per cent for the period, much lower than the 6-7 per cent rate which some top-administration officials had been expecting.

Even though many economists are suggesting that the figure may be revised upwards later, it has also been seen as a sign of some slowing

from the 7.6 per cent real growth reported in the third quarter.

In spite of the evidence that the pace of the expansion may be slowing, the U.S. is continuing to suck in imports at a worrying rate. The Commerce Department also reported yesterday that the November trade deficit hit \$7.4bn, down significantly from the record \$9bn in October, but still the second highest deficit ever reported.

Imports hit \$24.2bn, down 6.4 per cent from the October level, but exports fell 0.8 per cent to \$16.8bn. The growing drag which the poor trade performance is having on the economy has been cited as one factor helping to account for the easing in economic growth.

The financial markets have been responding positively to the latest economic indicators, which have calmed fears that the Federal Reserve Board might have been about to respond to some evidence, especially in the consumer sector, that growth was proceeding too rapidly by tightening its monetary policy.

Instead the central bank is coming under subtle pressure, particularly from the Treasury, to ease monetary policy.

In a speech in San Francisco on Wednesday night, however, Mr

Continued on Page 8

Shamir coalition to meet over budget

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Cabinet will meet in special session today to take up proposed budget cuts which are threatening to tear apart the three-month-old coalition headed by Prime Minister Yitzhak Shamir.

The problem facing Mr Shamir is that if he pushes through the budget cuts his Government may fall, but if they are not implemented, the economy will continue to deteriorate.

Mr Shamir last night called in his Herut party ministers to try to ensure that they will support the proposed cuts in public spending, which are being opposed by virtually all of his junior coalition partners.

Mr Yigal Cohen-Or, the Finance Minister, is seeking the Cabinet's approval of a draft budget for 1984-85 to include an across-the-board 10 per cent cut in public spending.

The Minister believes budget cuts

and controlled austerity are essential to rescue the economy from inflation approaching 200 per cent, a balance-of-payments deficit which has passed \$5bn, and a foreign debt approaching \$30bn.

Some of the proposed cuts have already raised a storm, especially the threat to freeze Jewish settlements on the occupied West Bank and to re-introduce high school fees.

The ruling coalition, which holds 64 of the 120 seats in the Knesset (parliament), is dominated by Mr Shamir's Likud bloc. But it depends for its majority on four smaller parties, each of which sees its constituency threatened by the spending cuts.

The Tami party opposes any further Israeli and Egyptian differences, Page 2

YES

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OVERSEAS NEWS

CRAXI HOPES FOR L2,000bn NEW REVENUE

Petrol up in Italian austerity plan

BY ALAN FRIEDMAN IN ROME

THE ITALIAN Government yesterday introduced significant increases in the price of petrol and other petroleum products as part of a new package of austerity measures to raise L2,000bn (€37m) in additional revenues. The price rises, issued in the form of a Government decree and effective immediately, were decided by the Cabinet during a five-hour session which ended on Wednesday evening.

The price of a litre of premium petrol went up by L105 to L1,300, the second increase this year. This represents a jump of 20p in the price of a gallon of petrol, bringing the

price to L2,45, among the most expensive in western Europe.

The price increases are part of a series of measures, including a tightening of agricultural taxes, whereby the Government of Prime Minister Bettino Craxi is using discretionary powers to find new sources of revenue. The petrol increase alone is expected to account for three-quarters of the L2,000bn of new revenues.

The package of measures, dubbed "phase two" of the Craxi Government's austerity policy, comes less than a week after Parliament approved a

1984 budget which envisages a public sector deficit of L85,000bn (€39.7bn), up from an earlier target of L90,000bn.

The Government hopes to introduce further measures early in the New Year to reduce the size of the deficit, which is presently running at nearly 17 per cent of Italy's gross domestic product. (The comparable ratio for the U.S. deficit is around five per cent of GDP).

Prime Minister Craxi, since taking office last August, has been battling to introduce new taxes and spending cuts, with only modest success. He introduced by decree an amnesty on

illegal housing construction, designed to raise L9,000bn from special fines, but this was voted down by Parliament. The measure has been re-introduced in the form of legislation, but so far has not been discussed.

Sig Giovanni Goria, the Treasury Minister, and other members of the Government have warned that unless new spending cuts are implemented, the 1984 Italian public sector deficit will rise to more than L100,000bn. The Government is hoping to introduce measures next month which would shave L10,000bn off the deficit, but its chances of succeeding are by no means assured.

Shultz may meet Gromyko at Stockholm

MOSCOW — The Warsaw Pact members, including the Soviet Union, are believed to have decided to send their Foreign Ministers to the East-West disarmament conference in Stockholm next month, a senior U.S. official said yesterday.

"I think Gromyko will meet Shultz," the official said, referring to the Soviet Foreign Minister and the U.S. Secretary of State. "But nothing's been set yet."

The Nato Foreign Ministers recently decided to attend the 36-nation conference to be held from January 16 to 18 as a follow-up to the Madrid Conference on Security and Co-operation in Europe which ended this summer.

Mr Shultz and Mr Gromyko last met on September 8 in Madrid at the signing session of that conference. But the meeting was tense, coming a week after the Soviet downing of a Korean Air Lines jetliner with 269 people aboard, and no U.S.-Soviet issues were discussed other than Soviet accusations that the aircraft was spying for the U.S.

Ozal ends exchange controls

ISTANBUL — Mr Turgut Ozal, Turkish Prime Minister, yesterday abolished most foreign exchange controls, removed restrictions on some imports and raised import and other duties to subsidise his planned housing programme.

The action fulfilled his campaign promises ahead of his sweeping victory in last month's general elections that established Turkey's first elected government since the 1980 military coup.

Import bans on a number of consumer goods are to be lifted, according to decrees published in the official government gazette following ratification by President Kenan Evren. The goods will be heavily taxed to help finance a housing programme.

The decrees raised prices of alcoholic drinks and cigarettes produced by the state monopoly by up to 50 per cent to provide further funds for the programme.

A bottle of raki, a popular local spirit, will cost L1,000 (€350) instead of L750. A pack of 20 cigarettes will cost L100 (€35) instead of L70.

Under the new measures, export and import formalities have been simplified and fewer goods will need export licences.

Some domestic industries will continue to be protected by import restrictions, but among imported goods are domestic appliances and processed food such as butter and cheese.

All banks will be allowed to deal in foreign currencies, and Turkey will be able to invest up to \$2m abroad, import foreign currency and hold foreign currency bank accounts in Turkey.

Mr Ekrem Pakdemirli, Treasury Undersecretary, a close aide of Mr Ozal, said in a statement that the lira's external value would now more realistically determined.

Poland's coal output rises

By Christopher Sobinski in Warsaw

POLAND'S COAL production rose slightly in 1983 to 191m tonnes from last year's 189.3m tonnes, but costs in the mining industry rose by more than 20 per cent, according to Mr Stanislaw Niekarcz, the Finance Minister.

Losses will continue into the new year as a 15 per cent price increase has been postponed in bid to lower the rate of inflation.

The postponement will mean that next year's sharp rise in government subsidies to the coal industry budgeted at 21 billion (€1.2bn) could rise further.

Coal exports both to Comecon and hard currency markets this year have reached 35m tonnes, compared to 28.3m tonnes in 1982. Hard currency sales cleared 15m tonnes in the first 10 months while Comecon deliveries stood at 12.7m tonnes.

Reagan likely to face pressure to pull out marines from Beirut

BY STEWART FLEMING IN WASHINGTON

THE REAGAN administration is expected to come under intensified political pressure to pull the U.S. marines out of Lebanon when Congress reconvenes next month following the release of the Pentagon report on the October 23 Beirut bomb attack on the marine base there.

The report called for an "urgent need for reassessment" of the U.S. marines role in the Lebanon and said that several of the key assumptions on which the marines mission was based are no longer applicable today. The report is widely seen as having gone well beyond a critique of security procedures in Lebanon and to be raising fundamental questions about U.S. involvement.

The Administration appears to have been trying to downplay the significance of the report. The timing of its release during the Christmas holidays, the President's decision to try and pre-empt criticism by himself claiming ultimate responsibility for security failures, and even the limited availability of copies all seem attempts to curb the political fallout.

At the same time, the administration has been underlining its determination not to be deflected from its current policy in Lebanon. Senior

administration officials have been quoted as saying that the marines must stay in Beirut because premature withdrawal could thrust the country into chaos, and the White House spokesman Mr Larry Speakes has made it clear that the President is not planning withdrawal.

Congress, however, was uneasy about the deployment of troops in Lebanon even before the bomb attack which killed 241 U.S. Marines. President Reagan only secured Congressional approval for an 18-month troop commitment after intense political lobbying.

● In Lebanon, U.S. jet-fighters flew several reconnaissance flights over the capital and nearby towns, and Israeli aircraft carried out a series of mock dive bombing attacks over southern and eastern areas of the country, news agencies report from Beirut. The Israeli swoops drew barrages from Syrian aircraft batteries.

In Sidon, the southern port occupied by Israeli troops, a general strike called to protest at arrests made by the occupation forces.

In Beirut, relative calm prevailed after three days of heavy fighting between the Lebanese Army and Muslim militias. Overnight, five bomb blasts in mainly Muslim West Beirut wrecked several shops thought to be Christian-owned.

Officials here welcomed the visit as a sign that the dialogue between the two countries will continue. But they cautioned that not much should be expected from the visit, which reciprocates that made in Cairo last month by Mr David Kincaid, the director-general of the Foreign Ministry.

Both sides have much to complain about. Egypt objects to the continued Israeli occupation of southern Lebanon and the building of Jewish settlements on the occupied West Bank. Israel is angry over the continued absence of the Egyptian ambassador, the decline in trade, and the frequent criticism of Egypt in the Egyptian Press. There is also an unresolved dispute over the demarcation of the Egypt-Israel border.

Mauroy to report on 'oil sniffer' affair on Monday

BY PAUL BETTS IN PARIS

M PIERRE MAUROY, the French Socialist Prime Minister, is to speak next Monday on the controversial affair of the so-called "oil sniffer aircraft" which has snowballed over the Christmas holidays. Mr Mauroy took personal charge of the affair last week and has been consulting leading figures involved in or by the affair.

The controversy centres on unsuccessful tests conducted by the state-controlled Elf Aquitaine oil group using a novel airborne oil detecting technique involving electronic equipment installed on aircraft.

The affair is essentially an attack on the administration of former President Valéry Giscard d'Estaing who had actively supported the project.

Mr Mauroy has been studying a confidential report prepared by the Cour des Comptes, the

Washington confirms Unesco withdrawal

WASHINGTON — The United States will drop its membership in Unesco, the cultural and educational agency of the United Nations, at the end of 1984 because it is convinced the agency has developed a consistent "hostility" toward the basic institutions of a free society, the State Department announced yesterday.

Mr Alan Romberg, the department's deputy spokesman, said the U.S. has concluded that Unesco "has extraneously politicized virtually every subject that it deals with."

The organisation, Mr Romberg said, "has exhibited hostility toward the basic institutions of a free society, especially a free market and a free press." He added that the United States believed Unesco had demonstrated unrestrained budgetary expansion.

He stressed the United States will continue to promote international co-operation in education, science, culture and communications.

UN Secretary-General Javier Perez de Cuellar learned with "regret and concern" of the U.S. decision, he added. Washington would reconsider according to a statement.

The official Soviet news agency Tass said the U.S. withdrawal was a show of "imperial arrogance" toward a United Nations agency "concerning Washington's course of militarism and adventurism."

The withdrawal was the final touch in Reagan's campaign, unprecedented for its scale and scope, to dismantle the specialised UN organisations.

Sharp drop in syndicated bank lending

PARIS — Syndicated lending by banks dropped by over a third in 1983, reflecting their reluctance to increase their international exposure to risk due to concerns over a number of heavily indebted countries, the Organisation for Economic Co-operation and Development (OECD) said yesterday.

According to preliminary OECD figures, gross new borrowing through bond issues and syndicated bank lending of international medium-term debt totalled \$137.9bn in 1983, a drop of 18.5 per cent on 1982.

Borrowing on external markets rose by some 3 per cent to \$73.8bn but the volume of syndicated bank lending fell by a third to around \$64bn. This was the steepest decline on record since the 24-nation OECD started collecting comprehensive data on the market, it said.

A share of OECD borrowers in total recorded borrowing rose fractionally to about 70 per cent from 68 per cent in 1982.

Brussels lifts ban

The European Commission yesterday agreed to lift a ban on co-operation between oil companies on the distribution of petrol within the EEC in the event of another oil crisis, writes Ivo Dawany in Brussels.

The decision exempts the oil companies from a Treaty of Rome provision which outlaw any liaison between rival companies under competition regulations.

China target bonus China has achieved its 1985 production target two years early, Chief State Planning Commissioner Song Ping reported yesterday. Reuter reports from Peking. Industrial growth is expected to have accelerated to about 10 per cent this year from 7.7 per cent in 1982, he said. Total retail sales will have risen 10 per cent.

Brazil austerity bill President Joao Figueiredo of Brazil signed an austerity bill that cuts salaries and benefits for employees of state-run enterprises. AP reports from Brasilia. The measure is in line with promises made to the IMF to secure a \$4.9bn loan over three years.

Philippines debt offer The Philippines Central Bank said it would make available foreign exchange to pay interest due before December 30 on foreign loans. Reuter reports from Manila. President Ferdinand Marcos said the country's foreign reserves currently stand at some \$951m.

Spies convicted Veteran naval officer Commodore Dieter Gerhardt and his wife, Ruth, were convicted of high treason — spying for the Soviet Union — yesterday. AP reports from Cape Town.

GM plans to rehire 10,000

BY WILLIAM HALL IN NEW YORK

GENERAL MOTORS, the world's biggest car maker, is planning to rehire another 10,000 workers over the next few months as it prepares for its best year ever in terms of production in 1984.

General Motors' sales of passenger cars this year are up 14.9 per cent and truck sales up 18.6 per cent. The company says by the year end its dealers will have delivered more than 4m cars and 1.25m trucks — GM's highest production since 1979.

In the current quarter, the giant car and truck company says that its sales are running more than a fifth up on the comparable quarter of 1982.

General Motors' car sales peaked in 1978 at more than 5m, but over the next four years fell steadily. Car sales have recovered strongly in 1983 on the back of the U.S. economic recovery and the group is now forecasting an improvement of 16 per cent in industry sales in 1984. Mr Robert Lund,

vice president in charge of General Motors' marketing, says his company expects its sales to grow faster than the industry average in 1984.

Since the industry began to recover, General Motors has recalled nearly a quarter of its U.S. workforce. By the spring it expects to have rehired 50,000 workers who had been laid off at the depth of the recession. The group employs around 350,000

targets of inquiries who settle with the agency without either admitting or denying guilt.

It was unclear yesterday why the SEC had brought the case, which could evolve into a serious political embarrassment for the Reagan Administration and weaken Mr Thayer's position in the Defence Department.

Before joining the Administration earlier this year, Mr Thayer, as well as being chairman of LTV, was a board member at Allied Corporation, an oil, gas and chemicals concern, and at Amheuser-Busch, the largest U.S. brewery concern.

Thayer faces fresh inquiry

BY STEWART FLEMING IN WASHINGTON

THE U.S. Justice Department has launched an investigation into allegations that Mr Paul Thayer, the Deputy Defence Secretary, passed inside information to acquaintances when he was chairman of LTV Corporation, a large diversified steel and aerospace concern, in 1982, officials confirmed yesterday.

The move follows a lengthy civil investigation of Mr Thayer by the Securities and Exchange Commission (SEC) which is expected to result in SEC accusations that the second-ranking official in the Defence Department illegally passed on

price-sensitive information to friends.

The SEC investigation of Mr Thayer first surfaced in October. Then, Mr Thayer, who is not suspected of having himself been doing any of the trading, issued a statement saying that when the investigation was concluded, he was confident it would be established he had not done anything to violate the securities laws.

The broadening of the investigation to include the Justice Department, is unusual for normally the SEC settles cases involving insider trading allegations itself, often after reaching agreements with the

targets of inquiries who settle with the agency without either admitting or denying guilt.

It was unclear yesterday why the SEC had brought the case, which could evolve into a serious political embarrassment for the Reagan Administration and weaken Mr Thayer's position in the Defence Department.

Before joining the Administration earlier this year, Mr Thayer, as well as being chairman of LTV, was a board member at Allied Corporation, an oil, gas and chemicals concern, and at Amheuser-Busch, the largest U.S. brewery concern.

Rig activity up in U.S. and N. Sea

By Ian Hargreaves

OIL EXPLORATION and development has ended 1983 on a strongly rising trend in the U.S. and in the North Sea, but overall rig activity outside North America is still well below the levels of a year ago.

According to the latest figures from Hughes Tool, which logs drilling throughout the world, 1,199 rotary drilling rigs were in operation outside North America at the beginning of December, compared with 1,476 at the same point of 1982.

The sharpest drop was in Africa, where the number of active rigs fell from 209 to 120. In Algeria alone, the number was down from 60 to 35.

In spite of a sharp upturn in recent months in the North Sea, the European total at 169 is still behind the year ago figure of 219. In the Far East, the count was 262, against 208 in the Middle East 193 (236) and in Latin America 425 (515).

The North American figures, which are more up-to-date than those for other parts of the world, show an average rig count for December of 2,780, compared with 2,572 in November and a low for the year of 1,846 in April.

The U.S. average count for the year was 2,232, compared with 2,105 in 1982, a drop of 25 per cent. At the peak of activity in late 1981, over 4,400 rigs were drilling in the U.S.

Spanish police deny lead on anti-terror groups

BY DAVID WHITE IN MADRID

SPANISH POLICE authorities have denied having any information about the so-called Anti-Terrorist Liberation Groups (GAL), which have claimed responsibility for two recent shootings in the French Basque country. The victims were both alleged members of the Basque guerrilla organisation ETA-Militar.

The latest incident — in which Sr Miguel Antonio Colkoetxea, known as Txapela, was shot while walking to his home in the French resort of St Jean de Luz on Wednesday — was claimed on behalf of the GAL in a telephone call in French to a Spanish news agency.

Sr Colkoetxea was wanted for more than 20 terrorist attacks in Spain. Madrid tried unsuccessfully to have him extradited four years ago.

The hitherto-unheard-of organisation also recently kidnapped a Spanish resident in France but released him after ten days. It has threatened tit-for-tat reprisals in response to ETA violence in the Spanish Basque country, which has once again been on the rise.

The GAL are generally believed to be former policemen with possible links with extreme rightist groups in France.

Among French Basques, the GAL are regarded as the latest manifestation of the "parallel" police force held responsible for a series of reprisals since 1975.

Sr Santiago Carrillo, the former Spanish Communist leader who failed earlier this month to unseat his successor Sr Gerardo Iglesias, has suffered a further setback in elections among the central committee for the party's executive, writes David White.

His hard line faction has been excluded entirely from the party's governing secretariat and has had its representation on the 29-man executive committee cut from eight to five, including Sr Carrillo himself.

Sr Rafael del Rio, director-general of Spanish Police, said the latest shooting victim was one more criminal among the many that are running loose in France and that "these affairs come within the competence of the French police."

The terrorist issue was one of the motives of a lightning visit to Paris last week by Sr Felipe Gonzalez, the Spanish Prime Minister.

In a pre-Christmas press conference, Sr Gonzalez threw the accusations about "dirty war" back at ETA, denied that ETA members in France could be considered political refugees, and said that no security forces could have shown more self-control than the Spanish, in the face of a series of more than 500 terrorist murders.

Zaire's sick economy braces itself for more IMF medicine

BY NICK KOTCH, REUTER CORRESPONDENT, RECENTLY IN KINSHASA



ZAIRE's creditor nations, mindful of strategic and commercial interests, have stepped in again to shore up the shaky economy of this mineral-rich country.

Zaire's economic difficulties have steadily worsened under the 18-year rule of President Mobutu Sese Seko, partly due to corruption and mismanagement, and its major creditors have again rescheduled part of its debts, for the fifth time since 1975.

A determination to keep control of Zaire's mineral reserves and fears of political instability probably influenced the decision to give the country relief from its burden of official debt, estimated at \$5bn, diplomatic and Zairian sources in Kinshasa believe.

These sources said that Zaire had managed to honour only about a quarter of its scheduled 1983 payments of \$800m. The creditors agreed in Paris recently to reschedule 85 per cent of an estimated \$1bn to \$1.5bn of official debt falling

due this year and next. The decision of the so-called Paris Club of creditor nations gives Zaire more time to pay back the loans clears the way for an International Monetary Fund (IMF) recovery package, which will provide more than \$350m. of IMF credit.

The Zairian Government badly needed this vote of confidence — as well as the cash. In September it embarked on a risky and unpopular series of deflationary economic measures designed, with the help of an IMF team working in Kinshasa, to cut public spending, liberalise trade and restore credibility to the national currency (the Zaire).

President Mobutu devalued the Zaire from 6 to 30 against the dollar, its blackmarket rate, but the measure instantly sent prices soaring even against the background of an annual inflation rate averaging more than 50 per cent in recent years. The price of petrol, other fuels and basic foods has risen between 200 and 300 per cent in the past three months, while wages have crept

up by only 20 per cent. A sack of cassava, the staple diet for many Zairians, has more than doubled in price to 900 Zaires (\$30), putting it beyond the reach of most pockets, as wages for the low paid are less than 1,000 Zaires (\$30) a month.

"We have to save for three months to buy a sack lasting 10 days," said a taxi-driver. "There are many families who live on slices of bread and tea for days at a stretch."

A brief flurry of strikes greeted the September measures, but they were muffled without any publicity after a mixture of government mediation and strong-arm tactics, Zairian sources said.

Although the level of popular protest has been low, the Government could face further challenges if it sticks to its commitment not to raise wages, diplomatic sources said.

"With the standard of living already so low, how much belt-tightening can a country like Zaire take," asks one banker. He described the President's

gamble as doubly risky because it imposed the squeeze measure without a formal guarantee from the IMF that its support would follow automatically.

The history of failed attempts to bring Zaire's economy into the international line explained the IMF's initial wariness to grant further credit. Successive devaluations, reschedulings and bilateral aid projects have not succeeded in correcting the fundamental imbalance of the Zairian economy, which relies for nearly 70 per cent of its foreign earnings on copper and cobalt at a time of falling metal prices.

There has been little or no success in hoarding food and cash crops, or in modernising inefficient local industry. All sectors are hampered by a decrepit road and rail network which makes many parts of the country only accessible by air-craft. In 1981, a combination of these factors led the IMF to abandon a three-year, \$1.2bn recovery programme.

Moreover, no coherent central economic planning can work

until the Government acts to reduce corruption, western diplomatic sources said, estimating that between 35 and 50 per cent of all commercial transactions took place illegally outside official banking channels.

Herr Erwin Blumenthal, the West German former director of Zaire's central bank, put the problem in a nutshell in a damning report to the IMF in 1982: "There was, and there still is, a sole major obstacle which destroys all prospects — the corruption of the team in power."

However, at least one high-level Zairian servant is sceptical that President Mobutu could suddenly attack corruption. "The whole system is built on the basis that the top people help themselves and some of it filters down to the bottom. Anything could happen if that system changed," he said.

Nevertheless, a wide range of sources agree that the West will continue to provide at least a minimum of support to the Government, and not just in the hope of one day having their debts repaid.

Zaire's strategic location in the heart of Africa and its vast and largely untapped mineral deposits are as appealing to the West, these sources said, and therefore worth keeping. "The Soviet Union would be in Shaba (the mineral region in southern Zaire) like a shot if we let them," one diplomat said.

More positively, some analysts in Kinshasa, who advocate continued IMF support, said they detected a new determination inside the Government to bring the economy under control, and praised the efforts of Kengo Wa Dondo, the First Vice-Commissioner (prime minister).

They also believe that the decision to keep the Zaire pegged to a "realistic" level against the dollar through regular fixings is a success, pointing out that the rampant black market has disappeared.

On the other hand, other officials predicted that the Zaire would soon depreciate again, once the liquidity shortage caused by the devaluation had eased.

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OVERSEAS NEWS

Congress-I aims to secure succession for Mrs Gandhi's son

BY K. K. SHARMA IN CALCUTTA

SPLASHED all over Calcutta's crowded streets and murky walls are huge posters with portraits of Prime Minister Indira Gandhi and her son, Rajiv. These symbolise the motivating force of the Indian National Congress-I Party, now holding its first delegates' session in eight years.

Ever since its formation in 1978 when it split from the traditional party that won independence for the country, Congress-I ("I" stands for Indira) has been to project Mrs Gandhi's leadership and image.

In tandem

Recently, since Rajiv became party general secretary last March, his mother and he have been moving in tandem. Rajiv has received the same adulation as Mrs Gandhi from the 10,000 delegates thronging Calcutta's indoor stadium where the Congress-I session is being held.

Posters proclaim Rajiv "A Promise for India" and "Tomorrow's Hope." For someone who entered politics just three years ago, he has come a long way. In many ways, the present session is meant to establish him formally as Mrs Gandhi's heir-apparent.

A move is already being widely discussed to install Rajiv as Congress-I president. There is no indication yet that Mrs Gandhi, who at present holds the top party post herself, will allow this to happen, although delegates say it has her blessing. But there is little doubt that there is a concerted bid to boost Rajiv.

Judging from the speeches and the near-worship offered by the delegates to Mrs Gandhi and Rajiv, the object of making Congress-I a party wedded to staying in power and perpetuating the Nehru dynasty is an overriding one. Without exception, the delegates and leadership have vowed their position to the two.

Congress-I has never held internal elections. Mrs Gandhi took on the post of president when she formed the party in 1978. Its senior officials, including Rajiv, have all been nominated by her. So have all the members of its executive and its 700-member policy-making arm, the All-India Congress Committee.

Congress-I is now in session seeking to prepare for general elections to Parliament which must be held in 1984. Indications are that these will be held early in the year rather than in December when they are due.

The party needs to improve its image considerably. The track record of Congress-I state governments has been poor. The party was over the past couple of years, lost its appeal, and even Mrs Gandhi's charisma is in doubt. Congress-I has not won any of the 12 state elections in the past two years, with the doubtful exception of violence-racked Assam, although its showing in last week's scattered by-elections has been unexpectedly good.

Congress-I is now trying to project itself as a left-of-centre party. A political resolution that the Calcutta session will adopt strongly attacks its right-wing opponents and, in a veiled manner, seeks the co-operation of Communists and Marxists, who rule the state of West Bengal where Calcutta is located.

A resolution says Congress-I wants the unity of "patriotic, secular and progressive elements"—a suggestion that the party with Mrs Gandhi at its head alone is capable of holding together the country at a time when demands for secession are being made in many states.

Resolution

Similarly, a resolution on economic policy calls for a new direction in planning, so that both agricultural and industrial production is increased. Foreign policy is not an issue in India, but a third resolution on the international situation points sharply at "threats" from Pakistan where, it says, a major rearmament programme is under way.

Behind the scenes, efforts are being made by the party to build up a 100,000-strong cadre of young men and women. In the past few months, Rajiv's advisers have helped him organise "training camps" for the cadre.

This flurry of activity has, observers believe, much to do with the de facto influence in the party's various organs that Rajiv has come to wield.

Floods and sabotage cut Malawi rail links

BY BERNARD SIMON IN JOHANNESBURG AND MICHAEL HOLMAN IN LONDON

MALAWI'S rail links with Mozambique ports of Nacala and Beira have been virtually closed by flooding and sabotage, forcing the country to use lengthy and expensive overland routes for the bulk of its imports, according to freight agents in South Africa, its main trading partner.

Landlocked Malawi has become one of the region's casualties in what African front-line states term South Africa's "destabilisation" campaign against its black-ruled neighbours.

Guerrillas of the Mozambique National Resistance (MNR), which western diplomats in Maputo maintain is supplied

and advised by South Africa, have conducted a six-year campaign of economic sabotage. Among the targets are the rail links between Mozambique and its neighbours, and the oil pipeline from the port of Beira to Zimbabwe. The MNR also conducts hit and run attacks on road traffic and Government troops.

Despite a series of Government offensives, the MNR now operates in nine of Mozambique's 12 provinces. In the latest claims from the two sides, an MNR spokesman this week said that 138 Government troops had been killed and several towns seized in their current offensive.

Mozambique's chief of staff, Lt Gen Sebastiao Mabote, on Wednesday told a news conference that over 3,000 "handis" had been captured during 1983. In Lisbon this week, the MNR claimed to have destroyed a rail bridge 35 miles north of Beira on the line linking the port with southern Malawi, including the main commercial centre of Blantyre.

Malawi's seaborne route to the sea, to the northern Mozambique port of Nacala, is closed for 12 hours a day for repairs following recent heavy rains which washed away sections of the line.

In addition, both ports are short of locomotives, rolling stock and other equipment such as fork lift trucks. Malawi's two main exports, tea and tobacco, are given priority at Nacala, stretching its limited facilities, and forcing suppliers to route between 80 and 90 per cent of Malawi's imports by road.

Of the three road links to the south, one is currently unsafe—the route from Blantyre to the Zimbabwe capital of Harare, which crosses the Mozambique pedicle of Tete province.

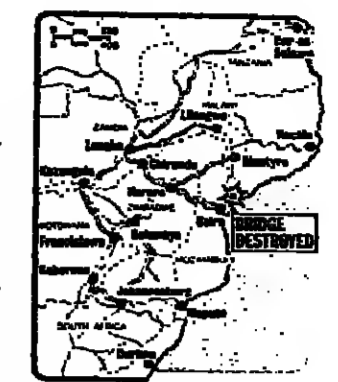
MNR bands operating in Tete have fired on trucks, forcing freight agents to operate in convoys, or use the longer and more expensive—but safer—

alternative routes through Botswana via Kazungula or through Zimbabwe via Chirundu, and onward through Lusaka to Malawi.

South Africa provides a third of Malawi's imports, but even European suppliers are now choosing to route their goods through the republic's port of Durban rather than risk Beira or Nacala.

Despite the problems, transit time from Johannesburg to Blantyre is only a week to 10 days, but Malawi is investigating the feasibility of greater use of the Tanzania-Zambia railway which serves the Tanzanian port of Dar es Salaam.

Government troops last Friday destroyed an MNR base 275 miles north of the capital, Maputo, the official Mozambique news agency AIM, reported yesterday.



Indonesian police deny killings

By Kieran Cooke in Jakarta

THE HEAD of Indonesia's police, Gen Anton Sudarmo, has denied that his men have been involved in a series of killings which have been going on in Indonesia for the past nine months.

The killings were the work of criminal gangs and the police had now stepped in and put a stop to them, he declared.

The general went on to say that he could not believe reports that up to 4,000 people had been killed, according to police statistics, far fewer murders had been reported this year throughout Indonesia.

There have been many reports on the island of Java and in Jakarta of bodies being found dumped by the roadside, or floating in rivers. Most had been found shot in the back with their hands tied. Nearly all have been described as known or suspected criminals.

Several organisations, including a group of legal aid workers who have often protested about what they see as human rights abuses in the country, have accused the army and police of being responsible for the killings. Charges which have been consistently denied.

They have also claimed that in the past few weeks, the rate of such killings has intensified.

Chris Sherwell profiles an oil-rich Sultanate on the eve of full independence Brunei looks forward to a long golden era

THE PEOPLE of Brunei, the tiny Moslem Sultanate which has gained independence from Britain at midnight tomorrow, are the first to acknowledge that their country is not what it was. Invaders and colonial expansion ended their domination of the huge island of Borneo, from which the country derives its name, and crowded them into a sandy corner which has itself been divided awkwardly into two.

But Bruneians are far from unhappy. They believe Allah has left them the best part, and it is a judgment fully supported by the country's fabulous oil wealth. From Sunday, Brunei's 200,000 people will take their place near the top of the world wealth table with a per capita GDP of at least \$22,000 a year and probably more.

For visitors to the capital, Bandar Seri Begawan, the results are easily visible. They include a smart airport boasting one of the longest runways in Asia, a vast floodlit sports stadium built for the 1985 South East Asian Games, a sparkling new hospital with the most up-to-date facilities and equipment and, controversially, the stunning riverside palace for the Sultan, Sir Muda Hassanal Bolkiah, which has been described as a modern Versailles and cost hundreds of millions of dollars.

The Sultan, who is 37 and has a passion for polo, has been criticised abroad for his conspicuous consumption and autocratic rule, but his subjects enjoy a life-style that would be

the envy of most newly-independent nations. Jobs are easy to come by, most families have at least two cars, petrol is cheap at \$1 per imperial gallon, there is colour television and no income tax, and education and health care are free.

Small surprise, therefore, that Brunei has looked like a beacon of prosperity in a recession-hit world, and that numerous foreign companies have been beating a path to the fledgling state's door in the hope of new business. But if they can find something to do, they are expected to involve Brunei citizens, which means Brunei Malays, who constitute some 70 per cent of the population.

This could entail setting up joint ventures, subcontracting to local companies or simply employing local people—a problem, because Brunei faces an acute labour shortage. Some 43 per cent of the population is under 20, and half of the rest are women who, if they are Moslems, may not be work-seekers.

Skills are in short supply, and this is worsened by the fact that most Brunei Malays prefer to work for the Government or in the oil sector. Shell has long dominated the exploration, development and production of oil and gas, and this sector is still responsible for four-fifths of the country's output and 90 per cent of its exports, valued at more than \$1bn in 1981.

The Government has had a 50 per cent stake in Brunei Shell Petroleum, the main company, since 1974, which gives it a potent influence in policy at a time when reserves are known to be finite and need careful husbanding. Officially, there is enough oil to last into the next century.

The Government, having controlled all but defence and external affairs since 1959, likes to point out that the country is self-governing and that, if anything, it is "resuming" its independence after a treaty

relationship with Britain that stretches back to the mid-19th century.

The key question, however, and one which dogged negotiations with Britain, concerns security. The issue is traceable to 1962, when moves towards introducing more popular government were halted by a revolt led by the Brunei People's Party. This was

sparked by the prospect of Brunei joining the Federation of Malaysia, and had to be quelled by British troops. Emergency laws imposed by the Sultan's father—who later abdicated but remains a power behind the throne—are still technically in force, and a battalion of Gurkhas has provided a visible measure of protection for the

royal rulers. The Sultan also maintains a private army recruited from retired Gurkhas.

Differences over the continued stationing of the Gurkha battalion brought independence talks with Britain close to breakdown. In April a report which suggested that the link between Shell and the Brunei Government might end unless the issue was resolved was strongly denied by Brunei but caused a real flutter.

In July the Sultan ended the arrangements with the Crown Agents to manage Brunei funds and passed this lucrative contract — Brunei has foreign reserves totalling some \$12bn — to Mortan Guaranty and Citibank, who will advise the newly-formed Brunei Investment Agency.

Eventually, it was agreed that the Gurkha battalion would remain in Brunei under London's continued control, or call for emergency duties in places like Hong Kong, but paid for by the Sultan. Britain is also providing personnel to train and advise Brunei's armed forces and will continue to use Brunei's unique jungle warfare training school.

At the same time it is reckoned that worries over a possible repeat of the 1962 episode have subsided because of the sharp rise in standards of living in Brunei, and that the bitterness which has animated past relations with Malaysia or Indonesia has evaporated. But elections in Brunei are unlikely, and political parties remain banned.

The acceptance of Brunei into the Association of South-East Asian Nations (Asean)—which embraces Singapore, Malaysia, Indonesia, Thailand and the Philippines—is reckoned to be the new state's best guarantee of stability. Admission as Asean's sixth member is due to be confirmed on January 7.

One potential source of dissatisfaction in future could conceivably lie in the ranks of the civil service, as ambitious and well trained administrators find avenues of promotion blocked by those now taking on the enormous responsibilities of full national government.

A more clearly expressed concern is the fate of the local Chinese community, who are known simply as "residents" and number more than 40,000. Even though they may have lived in Brunei for generations, they can only become citizens by passing a difficult written and oral language test to show proficiency in Malay. Yet as non-citizens, they cannot own land and therefore have less of a stake in the country.

For them, Brunei's transformation this weekend is an occasion for genuine worry, even though there have been reassuring noises from the Government, and Britain has expressed its satisfaction over the matter.

WORLD TRADE NEWS

EEC-Efta free trade zone to commence

By Paul Cheeswright in Brussels

THE last barriers to an EEC-Efta free trade zone of 17 European nations with a combined market of 310m people fall away this weekend.

December 31 marks the end of the transitional arrangements to establish free industrial trade between the EEC and the European Free Trade Association (Efta), made up of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

Tariffs have been progressively dismantled since 1972, but full liberalisation was arranged on a relatively relaxed timetable for metals, particularly steel, and for newsprint.

Although the tariffs for metals lapsed on January 1 1980, free EEC access to Efta newsprint was achieved only this weekend.

The newspaper situation poses an immediate problem for the EEC. Negotiations to take place with Canada to settle a 1984 quota for its newspaper sales. An interim quota of 500,000 tonnes was granted by the EEC to the Council of Ministers on December 19.

Newspaper consumers, especially in the UK, are anxious that Canada should remain in the market so that pricing is not wholly dominated by the Scandinavian producers.

Over the longer term, the Efta countries are anxious that the free trade zone should be consolidated by further co-operation so that, for example, there can be combined movement on standards and a greater degree of scientific and research collaboration.

At the same time there are fears, freely expressed by Swedish diplomats that the EEC's efforts to liberalise its internal market will be accompanied by measures, as France would like, to strengthen defences against imports.

Last November, the ministerial meeting of the Efta countries noted the importance of the EEC endeavour to strengthen its internal market but added that this should be beneficial for the development of trade and economic relations between all the partners in the wider European free trade system.

Boost for CoCom's shoestring technology patrol

BY DAVID MARSH IN PARIS

CASUAL visitors to the CoCom headquarters building on the Rue de la Boétie in the heart of the bustling 8th arrondissement of Paris, are told that the U.S. Marines hold regular dances there on Friday nights.

CoCom is not a catchily-named new discotheque, but the nerve centre of western governments' efforts to prevent flows of militarily-useable technology to the Soviet bloc.

The Co-ordinating Committee for Multilateral Export Controls, to give it its full name, is housed in an annex of the U.S. embassy, reached by an alleyway between a bank and a men's hairdressing salon.

The organisation, set up in

1949, groups all Nato members except Iceland, but includes Japan. It is about to be revamped to give it greater scope to check trade between East and West in rapidly expanding electronic sectors.

But the strengthening of CoCom powers will fall well short of proposals put forward by the U.S. earlier in the life of the Reagan administration.

The institution's budget—at present a mere \$600,000 (\$242,570) for 1983—looks likely to be increased. Member governments have agreed to install computerised office equipment and word processors to help the permanent clerical staff (at present numbering about 15) cope with the work load.

And CoCom will be given more space. The present headquarters in the basement of a building which also lodges the U.S. Internal Revenue Service, legal attaches, and FBI agents, as well as the Marines—are described by one diplomat as "cramped and Spartan".

Cash problems among participating governments—as well as the reluctance of some states to remain an embassy offshoot rather than develop into a fully-fledged agency with a life of its own—will probably lead the U.S. to take responsibility for extending the premises.

Moving into a new building would be costly and would pose

security problems. Instead, the most likely solution is for the CoCom to pay for enlarging the present site by building over the parking lot.

The organisation looks likely to continue to be run on a shoestring. The new word processor will probably come from the U.S. company Wang.

"The Americans are paying for it, so it can hardly be ICL or Philips," remarks one official.

The CoCom basement this year is seeking ways to make almost permanent meetings of western officials working on revising the lists of goods, technologies and components which are proscribed for sale to the East.

The sensitive nature of the work has been highlighted by

a number of recent seizures in Europe of computer equipment suspected of being clandestinely routed to the Soviet Union. Earlier this month the Reagan administration paraded in Washington pieces of an advanced computer system impounded on its way to Moscow.

America's European allies have so far resisted Washington proposals greatly to increase the control and investigation powers of CoCom. And, because of the complexities of the issues involved, meetings on redefining the lists—a job which at one stage was to end this year—would last beyond next summer even if CoCom continues working flat-out, according to one official.

"We have not yet come to grips with the computer revolution," says one diplomat. U.S.-backed efforts to control software flows present a particular problem. "The software needed to make a cruise missile has to be controlled," he says.

"But it could be the same as is used in a Space Invaders game." Many European countries favour software restrictions in theory but say there is no means of policing them.

"I don't know why CoCom should be so damned secret," says one Western official. "We're just slogging along getting as many agreements as we can on lots and lots of mundane articles. You just have to be careful that you don't catch anything daft like washing machines."

They range from the world's biggest jet airliner manufacturers, such as Airbus Industrie from Western Europe, and Boeing of the U.S., through to the many builders of smaller regional, commuter and feederliner aircraft, such as Saab-Fairchild (building the SF-340 airliner), Cessna of Spain and Fokker of the Netherlands.

The UK is mounting an especially high display, with close to 40 companies exhibiting under the auspices of the Society of British Aerospace Companies, with several more exhibiting independently.

Many of the participants are interested in finding partners for collaborative developments and for the manufacture of aircraft parts and associated equipment. Governments of many countries in South-East Asia and the Far East are also interested in boosting their own home aerospace manufacturing capabilities.

Some countries, such as Indonesia, have already begun major collaborative ventures with Western companies. Nurlanio of Indonesia, for example, is working with Casa of Spain on the CN-235 transport aircraft.

The Civil Aviation Administration of China (CAAC) is known to have a shopping list for new transport aircraft, but so far it has limited its purchases to small numbers of Boeing 737 short-to-medium range and Boeing 747 long-range aircraft.

Along with the exhibition, The Financial Times is organising a two-day conference, "Aerospace in Asia and the Pacific Basin," on January 16 and 17 at the Shangri-La Hotel, Singapore.

Aerospace industry seeks Asian expansion

By Michael Donne, Aerospace Correspondent

AEROSPACE manufacturers worldwide are becoming increasingly aware of the potentially large markets for their products throughout South-East Asia and the Far East, and are making determined efforts to expand sales in those regions.

This is evident from the big response to the second Asian Aerospace Exhibition (organised by IFF Pre.) at Changi Airport, Singapore, from January 18 to 22. Already, over 400 companies worldwide have taken space at the exhibition.

They range from the world's biggest jet airliner manufacturers, such as Airbus Industrie from Western Europe, and Boeing of the U.S., through to the many builders of smaller regional, commuter and feederliner aircraft, such as Saab-Fairchild (building the SF-340 airliner), Cessna of Spain and Fokker of the Netherlands.

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Along with the exhibition, The Financial Times is organising a two-day conference, "Aerospace in Asia and the Pacific Basin," on January 16 and 17 at the Shangri-La Hotel, Singapore.

Pakistan approves Morris Ital project

BY MOHAMMAD AFTAB IN ISLAMABAD

THE PAKISTAN Government has now given approval for a deal which will involve Austin Rover, the British subsidiary, shipping its Morris Ital car production line from the UK to Pakistan in stages over the next three years.

Austin Rover will link with a private company in Pakistan, Associated Agencies of Lahore, and the Al Chauri group of Dubai—owner of the Bank of Oman—for the project.

There had been some opposition within the Ministry of Production which is responsible for a public sector car venture, the assembly of 800 cc Suzuki cars under licence from the Japanese group that started last year.

However, the Pakistan Government has given the go-ahead for the Ital project, which will cost about \$22.9m, including \$14m in foreign exchange to pay for the Austin Rover equipment.

Austin Rover will have 15 per cent of the equity of the joint venture company, while the Al Chauri group will have 35 per cent.

The total value to Austin Rover could be up to \$20m when sales of built-up cars and components are taken into account.

tion, increasing to an annual 5,000 from the fourth year. Associated said that the car will have a 23 per cent local content in the first year and hopes this will go to 90 per cent in the fourth year of production.

The new plant will produce four-door versions of the Ital with BL's 1.5 litre "B" series diesel, used in Britain to power some versions of the Sherpa van.

Associated estimates that the cost of production in the first year will be about Rupees 70,500 (\$5,222) which should be reduced to Rupees 61,400 in the fourth year.

The retail price in the first year will be Rupees 81,000 (\$6,000). The main demand is expected to come from Pakistan's taxi fleets. The diesel Ital is claimed to have the potential for 60 miles to the gallon. Industry estimates suggest the demand for the Ital type of car in Pakistan will be 35,000 a year by 1991.

Nissan of Japan is to supply General Motors with a car for sale through the U.S. group's Australian dealer network. Under the terms of a deal expected to be completed early in 1984, Nissan's assembly plant at Clayton, Victoria, in Australia, will build the car which will have changes made to its body and specification to ensure it does not compete with Nissan's own version.

Arabs lift bar on UK companies

By Louis Fares in Damascus

FIVE BRITISH companies, including Rank Hovis McDougal, have been taken to the Arab boycott list, which bans companies who trade with Israel from having links with the Arab world. Liaison officers from the Arab League have rearranged the list and two British companies formerly not included have joined the banned group. They are Mul-T-Lock and Ramacube.

Those companies taken off the list are thought to include: U.S. concerns—Regal Tire, Van Leer Chocolate, Garland Industries, Del Monte.

Japanese companies—Taiheyo Kaifu, Asahi Optical, Sasebo Heavy Industries, Nozaki and Company.

British companies—Big Rad Laboratories, Roussel Laboratories, Hestair Hope, Fendrak, Rank Hovis McDougal.

West German companies—Triumph Adler, Barakuda Bergann.

Italian companies—Cometa, STS (Consorzio per Sistemi di Telecomunicazioni via Satellite), Sigma Italiana Prodotti Chimici and Elro.

Cost of shipping containers set to rise on most world routes

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TO SHIP containers on most world routes will cost more next year. On the first day of 1984, the 38-member Far Eastern Freight Conference (FEFC)—the world's biggest such rate and schedule-setting group—will increase its rates by 12 per cent.

Competing outsider lines on routes between Europe and the Far East will also be lifting rates, though they will still charge less than FEFC lines. Elsewhere, too, as on the fiercely competitive North Atlantic market, rates are set to move up.

The FEFC has not put up its rates for three years. That says Kerry St Johnston, the new chairman of the FEFC, "is a long time." The last rise was 8 per cent. But the FEFC argues that costs have gone up by at least 15 per cent since then.

The FEFC would have liked to boost rates more, but the shippers on its routes complained bitterly and the conference had to content itself with 12 per cent.

"It is entirely understandable and pardonable that shippers should shout about it," Mr St Johnston said of the increase. But the decision could not be put off in view of the financial strains on shipping companies.

Mr St Johnston was elected chairman of the FEFC at the end of October. He is also chairman of Overseas Con-

tainers Ltd (OCL), the big British-owned shipping and transport consortium. "It's actually quite burdensome," he says of his new position at the FEFC.

But the burden on FEFC members themselves should be alleviated by the effect on revenues of both the rate rises and the upturn in world trade now getting under way. The fact that outsider lines also plan to raise prices means competition should be less debilitating.

The major Taiwanese non-conference line, Evergreen and Yang Ming, will increase their rates by 12 per cent from February 1. Evergreen's rates are pegged at about 5 per cent below those of the FEFC after agreement reached in 1982, while those of Yang Ming are 10 per cent less than the conference's.

Competition

Balt Orient of the Soviet Union also plans a 12 per cent rise in rates. That says the FEFC about ways of rationalising trade. Providing stiff and cheap overland competition for FEFC and other lines is the Trans-Siberian Railway.

Non-conference lines account for between 25 and 30 per cent of trade on routes covered by the FEFC — "too much," Mr St Johnston believes. On some route sectors from Hong Kong and Taiwan, their share is up

to 50 per cent. The volume of business for which FEFC and outsider lines compete is at least look like rising this year. Asian exports to the U.S. have picked up sharply, Mr St Johnston notes. As Asian economies improve, European exports there should benefit. "The big question is, will this be sustained?"

Like other shipping executives, he is concerned about the effect which the plans of Evergreen and U.S. Lines to increase their fleets and start round-the-world services will have on freight markets.

He sees one of his tasks as chairman of the FEFC as trying to "promote an atmosphere which encourages sensible rationalisation between operators." Instead of several competing ships running less than full on certain routes, the consortium approach is one he favours to reduce over-capacity.

"You have to have a minimum number of fleet units for service frequency. But if two lines can combine, it may be possible to provide a perfectly adequate service with fewer ships, better frequency, and lower costs." In the FEFC itself, a number of lines have long been linked in major consortia.

Nor is it only conference members which need to rationalise, in his view. "Outsiders can be just as keen to come to that sort of sensible arrangement."

Alabama group plans to open Scottish plant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE UK subsidiary of SCI Systems of Alabama yesterday unveiled plans to open a plant in Irvine, Scotland, to manufacture electronic equipment.

Initially, 250 jobs will be created when the factory is opened in the West coast Scottish town next year, but a further 300 jobs could follow in three years. As many as 2,000 jobs in the long run was not beyond the realm of possibility, Mr. Olin King, chairman and chief executive of SCI, said yesterday.

SCI, which was founded in the U.S. in 1961, has recently expanded out of the military and aerospace electronics field into the volume market making computer products. The new plant in Scotland will produce these components as well as offering assembly facilities for overseas companies wanting to produce within the EEC area, Mr. King said.

The new company will provide much needed employment in the Irvine area where unemployment is 23.4 per cent.

The development is also another addition to the growing number of companies serving the increasingly important electronics industry in Scotland.

The sector currently employs between 36,000 and 40,000 more than 200 companies. Non-Scottish companies account for 40 per cent of the plants and 90 per cent of the employment.

The initial investment by SCI is worth \$5m but follow up investment would bring the total to \$11m to \$12m.

The company has received the regional development grants and selective financial assistance from the Scottish Office.

The company will move into a 70,000 sq. ft. factory already built in Irvine. Mr. King said he expected that senior management at the plant would come from Scotland, although expatriates would probably be brought in to provide technical guidance.

In another development East Kilbride Development Corporation, south of Glasgow, announced that two U.S. high-technology companies will set up operations in the new town in the coming year.

A survey published yesterday by Manpower, the employment agency, reported that job prospects in Scotland in the first three months of 1984 will be more favourable than any first quarter for the past four years.

Logica buys U.S. designer of computer-linking software

BY RAYMOND SNODDY

LOGICA, the UK's largest independent computer software company, is to spend more than £2m on the acquisition of a small California company less than two years old.

The company, Intelligent Technologies International Corporation (ITIC) of Palo Alto, specialises in the design of software which allows different microcomputers to communicate with mainframe machines.

It has just begun to ship its first product - a software device on a plug-in card for the IBM personal computer, which provides communication with mainframe computers made by IBM, Digital and other manufacturers.

ITIC is Logica's first major U.S. acquisition. Logica is to pay \$274,000 (\$1.25m) for all of the equity and will repay by August 1986 £1.33m (\$1.9m) in loans which were used to set up the company.

ITIC is a typical Silicon Valley start-up company. It was founded by Victor Amexico and Dan Gregerson after leaving major corporations, Hewlett Packard and Zilog.

Rise in UK air traffic

By Michael Donne

THE RECOVERY in traffic handled at the UK's major airports continued during November, strengthening the belief that the recession in air transport is now passing.

The British Airports Authority (BAA), which owns seven of the major airports in the UK, including London Heathrow and London Gatwick, reported that in November it handled just under 3m passengers, a rise of 7.4 per cent over the corresponding month in 1982.

For the 12 months ended in November, the total number of passengers handled amounted to just over 35m, a rise of 4.1 per cent.

UK strike figures fall

BY BRIAN GROOM, LABOUR STAFF

BRITAIN LOST fewer than 4m working days because of strikes in 1983, according to official estimates. Apart from 1978, when 3.2m days were lost, this is the lowest figure since 1967.

However, the figures are published at the end of a year which has brought growing criticism of the Department of Employment's strike figures as a reliable indicator.

Provisional estimates released by the department show that 242,000 days were lost in November, compared with a monthly average of 318,000 over the previous 10 months.

This brings the cumulative total from January to the end of November to 3.4m. In 1982, the comparable figure was 5.2m, and the average for the equivalent period over the last 10 years was 9.8m.

Mr. Tom King, Employment Secretary, said this was "good news" and that the year's total was likely to be below 4m. In fact, it may be little more than 3.5m, as there is traditionally a decline in the number of days lost in December.

Apart from the 1978 figure, which occurred in the calm, early period of the last Labour government's pay policy, this is the lowest since 1967, when 2.7m days were lost.

Jersey confident as tax loophole closes

A FEW YEARS ago, the decision by a British Chancellor of the Exchequer to close the tax loophole for the popular roll-up funds would have been bad news for the Channel Islands, where most of the funds are based. With some £2m under management, they are big business.

Roll-ups are so called because the funds' interest and other income is usually reflected in an increasing share price rather than paid out in dividends.

From January 1, UK residents invested in the funds will find their profits taxed as income rather than under lower capital gains rates. Since Mr. Nigel Lawson, the Chancellor, announced the imminent change in the autumn, British investors have been widely expected to repatriate much of their money while it still came under the more lenient regime.

As the deadline for the tax change looms, however, there is no sign of alarm or despondency in the prosperous-looking offices round Library Place, Jersey's banking centre. Financial business is booming, and even if investors pulled out the entire £2m - highly unlikely though that would be - the impact would be minimal.

DAVID LASCELLES finds a buoyant financial sector in the Channel Islands as London's move against roll-up funds takes effect

For one thing, many of the investors in roll-ups are foreigners unaffected by UK tax law. For another, many Britons are expected to leave money in the funds because they still have some appeal, or just through inertia. This is especially true of Jersey, which has the bulk of the funds (though the highest, Rothschild's, is in Guernsey) and has focused strongly on the finance business.

Mr. Colin Powell, Jersey's economic adviser, reported to The States (as the government is called) recently: "Past experience would suggest that UK fiscal measures which have the effect of leaving those investing through Jersey at no disadvantage, even though the obvious attractions disappear, limit further growth but do not result in any significant withdrawal of funds by those affected."

Such is Jersey's appeal that many investors who are pulling out of the funds are keeping their money there anyway. Mr. Terry Lavery, manager of the local branch of Bar-

clays, reports an inflow of £90m in the last few days from fund liquidations.

Mr. Lawson's statement also cleared up a lingering uncertainty: he confirmed that funds established on the island are outside the jurisdiction of the UK tax authorities. According to Mr. Powell, this could prompt Jersey to follow Guernsey in granting tax-exempt status for public investment funds managed and controlled there.

By taking a highly cautious line and keeping entry under tight control, Jersey seems to be benefiting from the tribulations of other offshore centres. Deposits in its banks soared by 25 per cent in the year ending last June, reaching £16bn. Of that £12bn was in foreign currencies, the biggest growth area.

The island now has 45 banking and investment institutions, almost all of them top flight names, including British clearing and merchant banks, and leading continental and U.S. banks, like BNP, Chase Man-

UK sales by Austin Rover rise 20%

By John Griffiths

AUSTIN ROVER, part of the state-owned BL group, sold more than 1,000 more cars each week in the UK during 1983 than in the previous year. By the end of the year's trading tomorrow it will have sold about 320,000 cars, representing an increase in UK volume of about 20 per cent. This compares with growth in the UK new car market overall of about 15 per cent.

Exports, however, are expected to be about the same as in 1982, or about 85,000 units. Export figures due for release next month, are likely to show the effects of the decline in total new car sales in its two main continental European markets, Italy and France. The Italian market was running 7 per cent lower than 1982 in the first nine months of this year, while the French market was just over 1 per cent down.

Continental markets have also yet to reflect fully the impact of Austin Rover new car launches, since the Maestro, Rover Vitesse and MG Metro Turbo models were launched on the Continent only towards the end of the year.

Output from its Longbridge and Cowley plants was the highest for 10 years. Altogether, Austin Rover produced 450,500 cars, an increase of 15 per cent on the 390,440 of 1982.

In the first half of the year the company made its long-awaited turnaround into the black, with a trading profit of £37m.

New De Lorean evidence

By John Griffiths

DOCUMENTS to be presented at a bankruptcy hearing in the U.S. on January 10 are alleged to confirm that Mr. John De Lorean diverted to his own firm \$3.5m which should have funded development of the Belfast-built De Lorean sports car.

The documents are alleged by attorneys acting for creditors of De Lorean Motor Company to have been found at Mr. De Lorean's New Jersey estate by accident, while a court-appointed assessor was appraising the estate's contents in advance of the bankruptcy hearing.

The \$3.5m forms part of \$17.5m deposited by U.S. investors and the UK Government-backed Belfast manufacturing subsidiary with GFD Services, a Panama-registered company based in Geneva.



Theatre

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically fine, but the music is a rather staid and overblown idea of theatricality. (239 6202)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like *Evita* and *Cats* before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the songs, but the first-class finale a la Gaiety Parisienne, and the intimate moments borrowed from the film. (757 2626)

42nd Street (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropriately brash and leggy looking by a large cast. (697 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics to between down to the confrontation with his down Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now be-

come a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0248)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 send-up of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization has decided to name the theatre after the generation's outstanding playwright. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joffe Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as emotions rather than emotions. (239 6200)

Carnegie (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffes du Nord home for a fast-paced, stripped-down, and superbly performed, but wholly engrossing version of Bizet. (874 6770)

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway to Michael Blake's production that includes Brian Murray, Paxton Whitehead and Victor Garber in their backstage conspirators. (245 3430)

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: The week starts with the new production of *Orpheus in der Unterwelt*. It is produced by Gert Friedrich and has Julia Varady and Julia Milgrem in the main parts. Die Meistersinger von Nürnberg has Rene Kollo and Annamaria Haggenauer. Don Giovanni, the Italian, has long interpretations. The Magic Flute rounds off the week. (34 381)

Hamburg, Staatsoper: Der Liebesstrahl trinkt together Giuseppe Taddei and the new production of *Die Frau ohne Schatten* has Lisbeth Baisle, famous for her rendition of the empress, and Gwyneth Jones, who delivers an outstanding performance. There was much acclaim for Arnold Schönberg's new production of *Ein überaus besessener Mensch* (The Glorious Hand / Die Jakobskinder, shown for the first time in Hamburg). The three one-act operas are produced by Peter Musbach and conducted by Christoph von Dohnanyi. (33 1151)

Frankfurt, Oper: Carmen is conducted by the young American Judith Sigmund and has Peter Samarin in the title role. The new production of *Die Trojener* by the controversial East German producer Ruth Berghaus is steered to triumph by Rachel Geller and William Cochran to the lead. The Magic Flute rounds off the week. Thanks to Elise Holzhart brilliant as Queen of the Night. (25 6221)

Köln, Oper: Premiering this month is a new production of *Falstaff* by Michael Hampe. It has Walter Berry in the title role. The new production of *Die Fledermaus* and *Eugen Onegin*. (20 781)

LONDON

Royal Opera, Coliseum: The only opera offering of the week is the Royal Opera's multi-lingual, crudely jockey and unattractive Die Fledermaus. Apart from a female Orlofsky, Doris Soffel, it is the music, largely as before: Hermann Prey, Kiri Te Kanawa, Hildegard Behrmann, Josef Meinrad. Placido Domingo, conducting, makes rather heavy weather of the score. (240 1068)

English National Opera, Coliseum: The Excursion of Mr. Brown, Jancsó's uneven yet magically inspired

opera fantasy, returns to the Coliseum with the same team - Gregory Dempsiey in the title role, Charles Mackerras as conductor, who brought it there in triumph a couple of years ago. The Travolta revival is notable for the Violetta (London debut to the role) of Nelly Miricioiu, one of the brightest young talents on the opera scene. Last performance of the new Mirella, a disappointment to the eye but a delight to the ear. (836 3151)

Royal Festival Hall (226 3191): Festival Ballet in Nutcracker.

Royal Opera House, Covent Garden: Cinderella and The Sleeping Beauty.

Sadler's Wells, Rosebery Avenue: The Royal Opera's production of *Coppelia* followed by Giselle. This marks the 50th anniversary of Giselle at the Wells (Markovskaya danced it first there on January 1, 1934). The attractive novelties of this season is the presence of the gifted Canadian, Evelyn Hart. (278 8816)

NEW YORK

Metropolitan Opera (Opera House): The first seasonal performance of Mahagonny accompanies Hansel

Winter in St Louis

For the first time since its founding to 1978, Opera Theatre of St Louis is embarking on a winter season. Conducted by André Freestone, the nearly half a million dollars. The grant recognizes company director Richard Gaddes's ambitions to wean his audience toward more serious works from a strong tradition in musicals, which carries on with productions in St Louis of *Titus* (Repertory Theatre), *The Cradle Will Rock* (Edison), *The Streets of New York* (Goldenrod Showboat) and *Can't Stop Running in Place* (Westport Playhouse). The Opera Theatre is presenting Die Fledermaus in English, but the company is moving toward producing opera in its native language, starting in 1984 with *Die Fledermaus* and *Kalman's* operetta Countess Mariza to tap the large ethnic German community. Now in the midst of a six-year Mozart cycle, the Opera Theatre has already found a local following that inspires ambitions and a widening recognition of its achievements. American Theatre (961 0644)

Exhibitions

LONDON

The Hayward Gallery: Raoul Dufy - a timely reminder that this hero of countless chocolate boxes and postcards is the simple face of the modernist. It was not only a significant painter but a Futurist of peculiar character, a follower but not slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly put together, not to mention his characteristic imagery - white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

Royal Academy: The Genius of Venice - we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions. It treats us to exclusively the painting and, to a lesser extent, the sculpture, that Venice produced in the 16th century. If Bellini and Caracci are honoured more by their absence, since the paintings are just too fragile to travel (though the Lion of St Mark's is Caracci's), there is so much that has been brought in from all over the world that compensation is hardly the word. So, from the 16th century, the presence of Giorgione in the beginning to the emotional extravagance of Tintoretto filling the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et al. are included in a way unlikely ever to be repeated in our time, if at all. Ends March 11.

PARIS

Raphael: Three exhibitions pay homage to the great Renaissance painter - born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them

Le Petit Saint Georges, La Belle Jardinière and Balzac's Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (205 5410). Closed Tue, Wed late closing. Ends Feb 12. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them the Flying Dutchman, the disciples, Louvre, Cabinet des Dessins (280 3326). Closed Tue: Ends and of Feb.

Balthus - in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou. Closed Tue. Ends Jan 23 (277 1233)

Cycladic Art from the N. and D. Goulandris Collection - more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning - definitely - to Athens. Grand Palais (ends Jan 9). Closed Tue, Wed late closing night 10 pm (261 5410)

Turner (17-1851): The exhibition traces the creative development of the artist who, although steeped in the great landscape-painter's tradition of the 18th century, becomes - through his fascination with the effects of light - one of the forerunners of abstract art. Grand Palais (Ends Jan 18). Closed Tue (261 5410)

NEW YORK

Canter Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 10th story.

Kandinsky (Guggenheim): More than 300 works limited to the early Russian and middle Bauhaus periods from 1915 to 1933 is the second in the museum's comprehensive reconstruction of Kandinsky's peripatetic

and prolific career. Also included in the show are the works of contemporaries including constructivists like Malevich and Lissitzky as well as German and Bauhaus artists like Moholy-Nagy. Museum of Modern Art, 11th St. Ends Feb 12.

William de Kooning (Whitney): This major retrospective with 250 works covering the artist's entire career is divided into drawing and painting and the relationship between the two. Exhibits are drawings and there are 25 sculptures. Ends Feb 18.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the treasures of the Aztec Temple of Teotihuacan, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8.

CHICAGO

Museum of Contemporary Art: 44 paintings of Surrealist Max Ernst Morley trace the British-born painter's style from his origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Suprematism. Organized originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22.

WEST GERMANY

Berlin, Akademie der Künste, 10 Hansatenweg: Designs, furniture, drawings and publications by Adolf Loos, the Austrian architect and master craftsman (1870 to 1933). Ends Jan 15.

Bremen, Herzog Anton Ulrich Museum: Painting from Watteau to Renoir has 70 landscapes, still lifes and

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama to a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

As You Like It (Arena): The Nupoleon era with its bows to Romanism is the setting of Douglas C. Wagner's production with Frances Conroy as Rosalind and Tom Hewitt as Orlando. Ends Jan 1. (488 3300)

Agnes of God (Lincoln): Hysterical pregnancy of a contemporary nun makes for emotional heat but little light in John Fleckner's melodramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3670). Ends Jan 7.

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dancin' company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alvin Nikolais or even Fosse's own All That Jazz need not apply. (638 8108)

Blondie (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a trouper can save. The plot grows from cactus-like vulva to prelatism, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fennella Fennella's blonde and way over the top. (630 2578)

Little Shop of Horrors (Comedy): Two-act musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Midway flower shop. The 1960s pastiche is a bit wan, but the lyrics are splendid. The plant grows from cactus-like vulva to prelatism, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fennella Fennella's blonde and way over the top. (630 2578)

MUSIC

PARIS

Radio-France - Nouvel orchestre philharmonique dirigé par Uri Segal with Arlene Argon, soprano, R. Strauss - 5 Lieder for Orchestra, Mahler - Symphony No 4 (Thur) Théâtre des Champs Elysées (724 1777).

LONDON

Le Norvegia Quartet with Uniko Bara, baroque flute, Elizabeth Hunt, baroque violin, Mark Caudie, baroque cello, Paul Nicholson, harpsichord and Nigel North, lute. Telamann and Bach. Purcell Room (Thur) (202 4011).

Royal Philharmonic Orchestra conducted by Howard Williams with David Russell, guitar and Malcolm Binns, piano. Fauré, Ravel, Rodrigo, Chabrier and Bizet, Barbican Hall (Thur) (262 8101).

Guildhall - Strings: Handel, Elgar, Mozart, Britten, Shostakovich. Queen Elizabeth Hall (Thur). (928 3191).

Versée Ensemble conducted by Martin Price, Works by Mendelssohn, Schumann, Grieg, Ravel, Walter, Beethoven and Harrison Birtwistle. Purcell Room (Thur).

ZURICH

Tonhalle: Hanns Schmid Wyss, piano (Wed). Werner Bertsch, piano. Haydn, Nielsen, Liszt and Beethoven (Thur).

NEW YORK

New York Philharmonic (Avery Fisher Hall) Kurt Sanderling conducting, Shlomo Mintz violin, Mousorgsky, Shostakovich, Prokofiev, Schubert (Thur). Kirt Sanderling conducting, All-Mahler programme (Thur). Lincoln Center (874 2424).

WASHINGTON

Concert Hall National Symphony Pops programme (Thur). Kennedy Center (254 3770).

CHICAGO

Chicago Symphony (Orchestra Hall) Claudio Abbado conducting, Ken Boda piano. Beethoven, Mahler (Thur). (435 8111).

portraits from the 18th and 19th centuries. Ends Jan 22.

Bremen, Kunsthalle, 207 Am Wall: A survey of the work of Oskar Rehn (1840 to 1918), the French symbolist painter. It comprises 200 oil paintings, pastels, drawings and graphics. Ends Jan 22.

Hannover, Kestner Gesellschaft, 16 Wambührenstrasse: Expressive paintings and coloured bronze sculptures by Sandro Chia, created by the Italian "Nouveaux Réalistes" between 1975 and 1983. Ends Jan 22.

Disseidant, Städtische Kunsthalle, 4 Grubbeplatz: Picasso sculpture. The 1971 pieces - made of wood, plaster, bronze, wire, wrapping and rolled iron sheets - span all periods. Ends Jan 20.

Frankfurt, Jahrhunderthalle Hoechst, Pfaffenwies: Water colours, drawings and documents from between 1904 and 1907 by Erich Heckel, the German expressionist and co-founder of the Brücke school of painting, exhibited on the occasion of his centenary. Ends Jan 20.

Münster, Haus der Kunst, 1 Prinzengartenstrasse: The museum is showing chiefly Heckel's early work. There are paintings, drawings and watercolours. Ends Feb 2.

Hannover, Wilhelm Busch Museum, 1 Georgengasse: The first version of the roving exhibition with 178 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8.

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 28. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a book of hours, silver and gold treasures. All finely wrought and many of them long before its present troubles. Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

One hundred paintings by modern Dutch artists at the Stedelijk Museum, Amsterdam. Until Jan 6.

very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office as an impressive steel structure. (278 8288)

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (134 1186)

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruslip of 1950-60. Hugh White-moore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3638)

The Real Thing (Strand): Susan Poma Johnson and Paul Shelley now lead the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Winton's production strikes a happy note of serious levity. (836 2604/414)

Don't Push It (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing show of dancing. (437 1502)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-moore's brilliant directing of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Little Shop of Horrors (Comedy): Two-act musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Midway flower shop. The 1960s pastiche is a bit wan, but the lyrics are splendid. The plant grows from cactus-like vulva to prelatism, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fennella Fennella's blonde and way over the top. (630 2578)

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London P54. Telex: 8954871
Telephone: 01-248 8000

Friday December 30 1983

Early warning from Paris

TWO YEARS ago the OECD in Paris produced a report on some joint studies of welfare expenditure in member states and produced a depressing report entitled 'Crisis in the Welfare State'. This line of thinking has roused some quite strong echoes in this country — the now abandoned study by the Central Policy Review Staff, and Mr Nigel Lawson's open invitation to a re-examination of the whole of public expenditure. Meanwhile, the studies in Paris have moved on, and to judge from the interim draft reported today, their progress has been reassuring. If the developed countries freeze the share of national income now going to welfare in its broadest sense, we will be able to muddle through for several more decades: even on the gloomiest growth forecasts, only small, nagging cuts in standards will be required.

Crisis of pensions

Hard-pressed politicians will require little further invitation to let the whole embarrassing issue drop again; but this would be a profound mistake. The study — just the kind of thing the OECD does best — makes it clear that this is altogether a third-best solution. It points out that too much of our present spending is muddled and ineffective — a large administration effort to take money from taxpayers and give it back to them in another guise, a process characterised as "churning". In addition, some programmes — notably health — have a Topsy-like predisposition to grow as the supply of new technology creates its own demand. Imposing a standstill will be a matter of continuous and politically costly struggle.

Finally, there is an important early warning: the much-heralded demographic crisis of pensions, when the post-war baby bulges reach retiring age, will not set in until about the year 2010; but the future pensioners are already contributors and will expect what they are now paying for unless the terms are changed soon.

In muddling through, we are likely to cut ourselves off quite

early from the full potential of further medical advance, and find it hard to pay for the higher standards of education and especially of vocational training which will be required to create job opportunities in the years to come; and in 25 years or so, we will run into a full-scale financial crisis over pensions. Better management is not an answer that can be called in aid; all concerned are no doubt doing their best, and there is no reason to expect any great leap forward. The call for efficiency, like the repeated promises to cut out waste, is largely a formula to avoid facing awkward questions.

The questions are indeed awkward. First, as the OECD points out, there are strong reasons for thinking that the free and universal provision of anything is likely to lead to a misallocation of resources. Market disciplines do help — that is the rationale of prescription charges in our own National Health Service, introduced by a Labour government more than 30 years ago to discourage trivial demands.

Education charges

There is a case for applying this approach much more widely — notably in education, where loans or charges for tertiary education might do more than any official interference to ensure that the subjects studied have some economic relevance, and at no threat to academic freedom. For pensions the radical question is whether the state has any business providing income-related retirement income at all. There are some smaller but equally horrid questions: is the education system becoming ossified, for example, because failing school numbers have left the system in the hands of ageing and increasingly out-dated teachers?

Nettles like these are the sort which politicians will skirt with the greatest care; but they must be faced. If we are not to subject welfare to endless slow haemorrhage, the OECD study makes a strong case for a national one, looking at our own local problems. Mr Lawson should press his invitation.

A test for the takeover code

THE CURTAIN will fall on the long-running Eagle Star takeover drama at 4.30 this afternoon, the deadline imposed by the takeover panel. It is still unclear whether the takeover will be completed by the deadline, but the future of the company is already in the hands of the takeover panel.

In the 15-year history of the panel there has been no comparable case of rival bidders still being locked in combat at the end of the maximum permitted period for takeover offers. No bid can last more than 60 days (and cannot be altered after Day 46). Allianz has repeatedly employed delaying tactics — so that on one occasion an offer had to be dragged out of it by the panel and the constant speculation in the market has kept the share price above both rival offers so that it has not been possible for either side to resolve the issue in the normal fashion by buying through the Stock Exchange.

Two-tier structure

Of course, it is highly unusual for a German company to be involved in a competitive bid battle of the kind which is normally confined to Britain or the U.S. Allianz's own original preference was for the kind of minority shareholdings and close trading relationships — which is more typical of continental Europe.

Moreover, the two-tier structure of German companies, involving a supervisory board as well as executive directors, does not make it easy for a company like Allianz to take the quick-fire decisions required to win a London or New York competitive bid auction.

These national differences in approach partly explain the repeated requests for more time, more information and more discussions. But it is also true that Allianz has top-flight London advisers in the shape of Morgan Grenfell, and there must be a strong tactical element in its tardiness, bearing in mind that it has been preparing the groundwork for this bid for more than three years. In any case, if Allianz wishes to take advantage of the facilities of London's capital markets to further its plans for expansion, it must expect to follow London's rules. At least Allianz

has been allowed free access to the UK insurance sector; most observers assume that a comparable foreign offer for a large German insurance company would be blocked by the authorities.

The takeover panel can be criticised for being rather too tolerant of foot-dragging by Allianz earlier in the Eagle Star affair. A little more urgency earlier on might have avoided the disadvantages of a potential shoot-out this afternoon. But the panel was right to decide, in the end, not to make exceptions and to enforce the deadline.

To have done otherwise would have been to establish new precedents and add further complications to the letter and practice of the takeover code. Already the code has become too unwieldy. What started in 1968 as a document of around a dozen pages has become swollen, in its present edition, to something like a hundred pages (much of which, admittedly, consists of practice notes on case histories rather than extra general principles or rules).

Case histories

The proliferation of rules and precedents has gone far enough if the takeover code is to be operated with speed and effectiveness. Bidders are already complicated by the letter and argue on the basis of case histories, whereas the whole concept of self-regulation in the financial markets is based upon the implementation of the spirit rather than the letter of the rules. In the takeover arena this can work much better than, say, the elaborate legal apparatus of the U.S. Securities and Exchange Commission, which has been left standing by much of the takeover manoeuvring of the past year or two.

Of course, the principle of a minimal framework of rules combined with extensive powers of discretion on the part of the takeover panel has to be applied with great sensitivity. The panel could easily seem to be arbitrary in its decisions. But in practice, this need not be too great a danger so long as there is a clear idea of what the panel is seeking to achieve in terms of the protection of shareholders.

In some ways the battle for control of Eagle Star has caused serious difficulties for the takeover panel. But the response must be to strengthen its original principles, not to attempt to fine-tune the rule book.

TWO SPECTRES haunted this week's proceedings of the Soviet Communist party central committee plenary session and the Supreme Soviet. The most obvious was that of the absent leader, Mr Yuri Andropov.

The second was the spectre of increased competition from a militarily stronger U.S. and what appears from Moscow to be a coalition of hostile forces made up of Nato, Japan and China which share a common concern over the SS-20 missile, the symbol par excellence of Soviet military might.

This has revived all the old Soviet fears of encirclement. It appears to have converted the Soviet military into a supporter of economic reforms designed to modernise the economy and make it capable of producing the sophisticated electronic weapons needed to compete with the West in the 1980s and beyond.

Traditionally, the combined winter session of the Soviet party and "Parliament" takes place in early November and is devoted to discussing the next year's state budget and economic plan.

This year both meetings were delayed until the last possible moment in the hope that Mr Andropov, who is suffering from kidney and other serious ailments, had not been seen in public since August 18, would be able to chair both meetings in his capacity as party leader and head of state.

These hopes were dashed, although the promotion of Mr Vitaly Voronikov and Mr Mikhail Solomentsev to full voting membership of the Politburo, and KGB chief Viktor Chebrikov to non-voting candidate, strengthened the grip of the Andropov faction in the leadership.

It continues the process of weeding out supporters of former leader Leonid Brezhnev, who are represented at the highest levels of Soviet power by Mr Konstantin Chernenko — a process which has gathered pace at the lower and intermediate levels of Soviet power since Mr Andropov took over in November 1982.

Mr Andropov's health has been shaky for years. Even before his promotion he was frequently ill, only re-appearing later looking physically frail but with his mental faculties unimpaired.

He can be expected to continue as the titular head of the Soviet Union and exert powerful influence behind the scenes as long as he retains his mental ability. As yet, there are no discernible signs of a new coalition of forces behind any clearly defined heir apparent, and no sign of weakness in the two men who are Mr Andropov's main backers and in the powerful institutions which they represent.

The two principal pillars of Mr Andropov's support are Marshal Dmitri Ustinov, the Defence Minister, and Mr Andrei Gromyko, the veteran Foreign Minister.

Mr Andropov emerged as the new leader because his experience as a former ambassador and high party official as well as KGB chief was felt to give him the kind of wide-ranging internal knowledge of the Soviet Union and its responsibilities as a world power which his main rival Mr Chernenko, whose career was spent entirely inside the party apparatus, did not have.

The Soviet Union

The spectres that haunt the Party

By Anthony Robinson



Foreign Minister Gromyko (left) and Defence Minister Ustinov: key supporters of Mr Andropov (right)

In the eyes of the men who control the powerful Soviet security, foreign policy and military establishments, Mr Andropov is probably still regarded as the best leader the Soviet Union has in what Mr Andropov himself described on Monday as "a sharply aggravated international situation".

This perception could change rapidly, however, if Mr Andropov's ill-health deteriorates to the point where his mental abilities are also affected. Already his prolonged absence must have sharpened the search for a successor or successors. Given the relative inexperience of the three main

Military support for modernising the economy

potential contenders — Mr Gromyko, 60, Mr Mikhail Gorbachev, 52, and Mr Vitaly Voronikov, 57 — the next phase could well be a form of collective leadership similar to that which emerged after the death of Stalin and the ousting of Mr Nikita Khrushchev.

But whichever individual or group eventually emerges after Mr Andropov will have to enjoy the support of the powerful coalition which backed him. Above all, it seems, they will have to convince the power brokers that they can improve the parlous state of the economy, so as to guarantee continuing Soviet military and political strength.

The twin priorities of Mr Andropov's first year in power were an attempt to dissuade Nato from installing cruise and Pershing missiles in western Europe — which failed — and a new drive to impose greater

discipline and efficiency at home. His attempt to shock, educate and cajole the Soviet people into working harder appears to have had modest success. It has been accompanied by moves to eliminate bottlenecks in key sectors like transport, power and distribution, and by the promotion of younger, better educated technocrats into key positions.

On January 1 a limited experiment will begin in giving greater managerial responsibility to two important industrial ministries and three provincial industrial centres. This could mark the start of wider reforms of the planning system and price structure.

Looking back, however, Mr Andropov's attempt to squeeze greater efficiency and higher productivity out of the Soviet system originated in the last days of the Brezhnev regime at a crucial meeting involving the Soviet military top brass.

In his meeting with army and navy commanders in the Kremlin on October 27 1982, Mr Brezhnev spoke of a new "political, ideological and economic offensive on Socialism" waged by the West and its allies. He had also "raised the intensity of their military preparations to a new level". He reassured the military that the leadership would continue to give the Soviet forces all the aid necessary to maintain their effectiveness but added that "policy is effective only when it relies on the economic and military strength of the state".

Mr Brezhnev is believed to have been persuaded by Marshal Ustinov to convene this meeting in order to re-assure the military. They were growing increasingly concerned by the decline in Soviet economic performance, the poor showing of Soviet weaponry in the Lebanon war against U.S.-sup-



What this means for the Soviet military is that the economy as presently organised seems unable to produce the kind of weaponry needed to fight the electronically sophisticated "star wars" of the future.

On the surface there were few signs of the traumas haunting the more far sighted of Soviet military and political leaders this week as Soviet planning chief Nikolai Balbokov read out the annual list of economic targets for 1984 — more coal, more steel, more oil and so on.

But they were there to be read in Mr Andropov's speech with his castigation of the slow pace of technological change, the resistance of Soviet managers to new methods or to making better use of sophisticated machinery. He also expressed concern at the enormous scale of environmental damage which has been caused by bad farming methods, wasteful and polluting industrial processes, vast slag heaps over once fertile land and the kind of bad resource and water planning which has decimated Soviet forests and led to major environmental disasters.

These are all themes to be constantly found in a careful reading of the specialised Soviet Press. The leadership has now made them their own. But Mr Andropov, with 15 years as head of the K.G.B. behind him, is also sensitive to the complaints of Soviet consumers — over everything from leaking milk containers to shoddy washing machines and television sets, and rudeness in inadequately provided shops.

The main problem is how to change the orientation of the Soviet economy and introduce greater flexibility without weakening the airtight tight control of the Communist party. What is more, some way has to be found to satisfy the increasingly sophisticated demands of the military while at the same time ensuring more high quality food and consumer goods as incentives for the labour force.

It is difficult to see how economic reform can be achieved without fundamental changes in the political and social structure of the country as well.

Given the scale of the problems and the pressure which the Soviet leadership feel it is under from the West it is little wonder that public pronouncements by Soviet political and military leaders have taken on such a shrill anti-American tone in recent months.

Faced with the failure to prevent the deployment of new cruise and Pershing missiles in Western Europe, Soviet leaders decided to break off both the intermediate and strategic arms talks in Geneva and the conventional arms reduction talks in Vienna, and have thrown themselves into a wide-ranging policy re-think whose results are still not known.

Now there are growing signs of concern in Western capitals about the dangers of economic push to a highly armed, prickly and defensive Soviet bear, into a corner from which it cannot emerge with dignity.

Hence the new interest expressed by President Reagan in the need to re-establish channels of communication and the decision of Nato foreign ministers to attend next month's Stockholm meeting of the European disarmament conference. They hope that Mr Gromyko will also attend with fresh and authoritative instructions to seek a way out of the present threatening impasse.

Impose greater discipline and efficiency

Soviet leaders have been able to ensure top priority development for the military sector which now consumes between 13 and 16 per cent of the GNP and a far higher proportion of the best human and material resources. The problem has been that the system set up by Stalin was effective in building up a heavy industry base, at the price of enormous human and material sacrifice, but has proved increasingly less capable of ensuring technical innovation and the development of a sophisticated high-tech industry to match the enormous breakthroughs achieved in the West.

What is more, the Soviet Union no longer enjoys the virtually limitless supplies of cheap and easily available raw materials and energy now that the economic axis has shifted to the distant and expensive wastes of Siberia and the frozen north.

Men & Matters

Hard case

Comrade Jia Qingli, China's vice-minister for the chemical industry, has been so moved by Peking's drive to eradicate the "spiritual pollution" of bribery in business that he has made a clean breast of it all.

He decided to make a "self-criticism," he wrote to the People's Daily, after reading recently of a delegation "shockingly engaged in eating and drinking."

The guilt-stricken Qingli confessed that his ministry attended a national forum on energy conservation last April — and each participant ate a meal worth around 2.7 yuan (about £1) though they only paid a yuan a day for board and lodging.

As if that were not bad enough, Qingli ashamedly admitted that each participant had also received a length of acrilonitrile thread from the Lanzhou chemical company, and only paid one yuan for it.

"He or she," the penitent con-

tinued, "also received a suitcase" — an act of gaining extra advantage by unfair means.

But the orgy of self-indulgence did not end there. It went on through a famous dance drama, "Flower and Rain on the Silk Road," and a Gansu opera, all for a mere 30 fen (15p), and a dinner of sea cucumbers and wine.

"I presided over the meeting and I was involved in eating and drinking and taking a suitcase. I should be held responsible," Qingli added contritely.

Stick together

A bowler-batted, pin-striped businessman, looking every inch a Radio Four type, parked his Daihatsu outside Capital Radio, London's pop music station.

He went inside and asked for a sticker for the back window of his car. "All the vandals listen to Capital Radio," he explained. "My insurance man tells me the best way to protect my car is to put a Capital sticker in the window. They don't touch cars belonging to fellow Capital listeners, I understand."

New blood

Peter Blood, director general of the Institute of Marketing, tells me he is planning to retire in March after 12 years in the job. Blood, who will be 63 by then, is taking early retirement — dare I say it? — to introduce fresh blood at the top.

After all these years it is perhaps time for a change, for both me and the institute," he says. Certainly his will be a difficult act to follow. Under his direction the institute has developed from a relatively small organisation into one of the most important management centres in Britain.

Institute membership has risen dramatically over the last ten years and now stands at

some 21,000 full members and 17,000 students. More important, says Blood, the standard of professional qualifications of the membership is at its highest level ever.

"Over the years there has been a significant increase in the way that marketing people are regarded in British industry. . . . Companies that merely saw marketing as a selling function are now prepared wholeheartedly to embrace its strategic role."

Blood's successor is being headhunted by a firm of recruitment specialists. They are looking, I understand, for someone who knows his way around Whitehall as well as academic and business circles.

Lloyd's closure

Few tears are being shed in the Lloyd's of London underwriting room for the passing of the old indicator board which will flash its last message within the next few days.

After 25 years of rather less than faithful service this complicated contraption is being dismantled. Lloyd's would like the Science Museum to take it but fears that the complete system will be too cumbersome to re-house.

There are actually two boards placed either side of the Lutine Bell. And, high up in the building, room 306 is packed with electro-mechanical equipment to drive it. The board even has a full-time engineer in attendance, Dennis White, who in recent years has had to handcraft spare parts himself to keep the names coming up.

In its golden youth after installation the board stored the names of 8,000 insurance brokers in its system and called up many of them daily to attend underwriters at their "boxes." Now underwriters find the telephone more convenient. Only about 50 calls a day are appearing on the board.

The market is moving into its new building across the road in 1986. Members have still not decided what sort of system, if any, they want to replace the indicator board.

Shop talk

A bribe of 500 Czechoslovak crowns (about £11) is no longer enough to persuade a Czech shop assistant to sell you washing machine or a television set.

According to a Czech newspaper commentator, that is barely enough to get a trainee salesman to part with a food mixer, or some similar small appliance.

The commentator outlines his own strategy for extracting scarce consumer goods from reluctant sales staff, calling it "corruption without bribery."

First catch a sales assistant alone, he says. Then whisper your request while "winking knowingly" and looking around furtively.

If this fails to get a response, the commentator says he sticks his right hand into his breast pocket where it lingers on the wallet until the goods are produced. Then he retracts his hand without the expected bribe.

Those who adopt his tactics, he says, should make sure that they "never approach the same sales assistant again."

Age concern

At one family party that I heard about, a 78-year-old grandmother eyed with some disfavour one of her descendants, a teenager with hair glued up in spikes and dripping with chains. "Between being infants and adults I suppose you might call them 'insults' . . ."

Observer

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON TUESDAY, 3rd JANUARY 1984.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 29th December 1983 and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below:

£100 million 3 per cent TREASURY STOCK, 1986
£200 million 3 per cent TREASURY STOCK, 1987

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 29th December 1983 as certified by the Government Broker.

In each case, the amount issued on 29th December 1983 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which relate solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 27th February 1981 and 30th December 1981, respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 8AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption date	Interest payment dates
3% Treasury Stock, 1986	19th May 1986	19th May 18th November
3% Treasury Stock, 1987	14th July 1987	14th January 14th July

The further tranche of 3 per cent Treasury Stock, 1986 will rank for a full share months' interest on 19th May 1984. Dealings in the further tranche of 3 per cent Treasury Stock, 1987 for settlement prior to 14th January 1984 will, in common with the existing Stock, be effected on an ex-dividend basis.

BANK OF ENGLAND
LONDON

29th December 1983



"We've sold hundreds to the Treasury"

PENSION FUND PORTFOLIO MANAGEMENT

The threat from the computer

By Clive Wolman

THE 2,000 men and women who control a large slice of the nation's wealth from their City offices are facing a threat to their livelihoods, and to the mythology surrounding their profession. The computer software stored 3,000 miles away across the Atlantic. These fund managers, who decide where to invest nearly \$200bn of people's life-time savings, have always boasted the specialist skills necessary to pick better stocks than the average punter in the street. And for more than 20 years their clients have accepted these claims with little questioning.

Now, however, computers designed to administer mechanically a portfolio of shares in the large UK companies are threatening to upstage them. They guarantee a better performance than the average achieved over the last 10 years by the largest group of managers—those controlling the £100bn of UK pension money.

Aided by the forthcoming changes in Stock Exchange rules, these recently-launched computer services will strike at an industry generating an annual income of over £100m for the City merchant banks and other fund management houses.

The computer programmes select a spread of shares which should ensure that a fund's performance will match the movements in the FT-Actuaries All-Share Index (see panel).

Such funds have come into existence in the U.S. since the mid 1970s. There, the spur was new legislation on pension fund investments, the poor returns from stock market investments and the abolition of minimum stockholding constraints which allowed the index-matching funds to carry out the necessary technical adjustments in their portfolios at rock-bottom commissions without having to pay for stockbroker's research. Their value rose to about \$40bn.

But in the UK these passively managed funds have been slow to catch on despite constant prodding by the London Business School. One of the major passive managers in the U.S. is the California-based Wells Fargo, returned from London earlier this year, after failing to win any contracts. But in the last six months

Barclays Merchant Bank, County Bank, the merchant banking subsidiary of National Westminster, Lloyd's Bank and Phillips and Drew, the largest fund managers among stockbrokers, have been among those seeking out, taking on, new clients for their index matching funds.

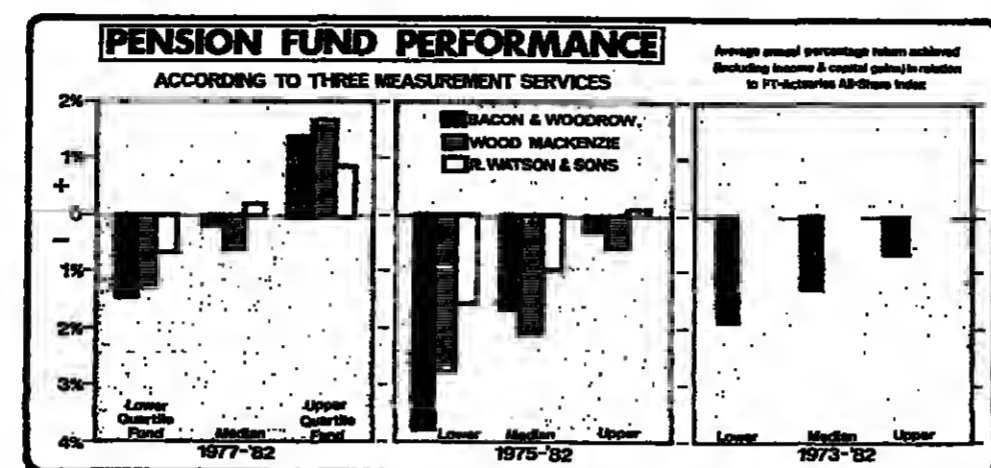
The recent emergence of these funds has been stimulated by evidence supporting a humiliating charge levelled against fund managers by U.S. business school professors since the late 1950s.

The charge—which has generally been lost in a fog of arcane statistical and actuarial calculations—is that in the long run the fund managers cannot beat the market. The price hourly dashes between screen and telephone, the discreet questioning of company chairmen over lunch, the long nights lying awake, mentally flicking through portfolios and worrying about the latest news from the Far Eastern markets—all are said to be in vain. A five-year-old who picks stocks by throwing darts at the back pages of the Financial Times would, on average, do just as well.

The most detailed scrutiny of performance has been reserved for the largest of the investment funds, the pension funds, which collectively own about £45bn worth of shares, more than a quarter of the UK stock market, excluding gilts.

In recent years, the services measuring their investment performance, provided by actuaries and stockbrokers Wood Mackenzie, have grown in sophistication. For, on the basis of the results, pension fund trustees have become increasingly willing to sack their managers.

The collective results are poor (see chart). Not only do they show that pension fund investments in the UK stock market have gained in value less than would, on average, a random selection of shares, as measured by the All-Share Index—even after allowing for the expenses pension funds incur in investing their new money. But the results also show that it is very difficult to turn a fund manager into a manager, or fund management team, who is likely to beat the index. The actuaries say that the difference in performance



The FT-Actuaries All-Share Index, which was started at a base of 100 in 1962, is the most accurate indicator of the fortunes of the UK stock market. It is calculated daily from the price movements of the UK's 750 largest companies, which are represented in proportion to their size.

A fund manager who invests in all 750 companies in

the same proportions as they are represented in the index is guaranteed a performance precisely in line with the index (assuming no dealing costs). If it goes up by 10 per cent, then so will his fund.

With an average run of luck, but no more, a randomly selected portfolio of shares will also go up and down in line with the index.

The aim of every fund manager investing in UK company shares is to beat the index. Anyone can have a run of bad, or good, luck over one or two years. But in the long run, if the manager fails to beat the index, after allowing for the minimum necessary dealing expenses, then he does not deserve his job. A computer would have done just as well.

Most of the fund managers also have a financial incentive to over-trade since part of their charges are made by ill-understood, back-door methods which are often linked to dealing commissions. This may make the management of an index-matching fund unattractive, as the explicit fees will be very low.

Even index funds have to deal sometimes. They have to re-invest dividends, invest in new issues, and adjust the weightings of shares. For this reason, most indexers prefer to take up a small and more manageable, but representative, sample of the All-Share Index by holding only 100 to 250 stocks.

To select a fully representative sample of 100 to 250 stocks when adjustments have to be made, a sophisticated computer

pretending to their clients that they are sweating night and day over the management of their carefully selected portfolios.

So far no UK fund manager has yet been caught at this game. But many fund managers appear to achieve the same result unconsciously by actively managing such a diversified fund that it is unlikely to perform very differently from the index.

Barra International, a U.S. investment consultancy firm set up by University of California staff claims that the typical UK pension fund portfolio it has analysed is barely more sensitive to any changes in the economy than the FT-All-Share Index. Thus if the managers differ at all in their forecasts from the market as a whole, they do not reflect these views in their portfolios.

Such an approach should lead to a performance on par with the index. But because the managers incur large dealing

expenses through buying and selling shares in the hope of a profit, the end of the year figure usually shows an under-performance.

Between the funds in the top quarter and those in the bottom quarter is so small that it could possibly be explained by a run of luck rather than any superior investment skills.

A few fund managers and stockbrokers accept the implication of these results—that it is almost impossible to make consistent, above-average profits out of at least the 250 to 300 largest UK companies whose prospects are thoroughly researched. Many of the smaller stocks may be undervalued, they admit, but their funds cannot buy them in large enough quantities to make the research effort worthwhile. So they accept that a passively managed, index-matching fund may be the most attractive solution, even if it would put them out of a job.

The term "closet-indexers" has been coined to describe fund managers who secretly run index-matching funds with the aid of a computer, while

Letters to the Editor

A lack of really good technical civil servants

From Sir Geoffrey Allen, Sir Peter Carey and Sir Duncan Davies

Sir—Sir Ronald Mason's study of commissioned research, carried out for the Advisory Board of the Research Council, examines the impact of financial stringencies on the allocation of money for basic science made by Whitehall departments. The total amount is about £70m out of a total basic science expenditure of about £800m, and a total national expenditure on science and technology of about £55bn. It is thus a significant sum, concerned with important technological infrastructure, but a minor proportion of the total. Sir Ronald's observations about the management of basic science merit serious attention, but his proposals for fundamental change in technological staffing in Whitehall are, by contrast, open to strong objection.

The principal duty of technologists in government departments is to participate in policy

making. This is to ensure proper appreciation of the technical factors that now pervade a large proportion of policy, to set priorities accordingly, and to arrange for progressively better staffing of this function. We in Britain are worse off for these technological generalists than are the French, the Germans, or the Japanese; more are needed in the private as well as the public sector.

Sir Ronald's proposals for part-time academic chief scientific advisers would be useful for those areas where there are particular sensitivities (e.g. military research) but would not meet the needs elsewhere. Unless the post is earned had good experience of management and affairs. Sir Sam Edwards, because of his spell as chairman of the (then) Science Research Council, has some such, but others usually have not. Further, will he always be there when important matters (which often come up at short notice) are discussed? The need is more likely to be

met by giving suitable training and experience to really good technical civil servants, which has already been started and which will be helped by downward extension of the so-called "open structure," recently announced. Interchange with industry is more difficult, but some of us have personal experience which encourages us to recommend it.

Sir Ronald's proposals would (a) inhibit the internal development by closing the top jobs and thus repel good people from the technical civil service; (b) demote those brave souls who have already started the reforms; (c) return to the position of having clever scientists "on tap but not on top" and (d) deflect attention from the main job. Good progress is being made in some departments, such as DTI; we should build on this, not overturn or emasculate it.

(Sir) Geoffrey Allen, (Sir) Peter Carey, (Sir) Duncan Davies, c/o J. Broadlands Close, N6

Harnessing wave energy

From Mr J. Soper.

Sir—The article by David Fishlock (December 21) "Britain's analytical approach to the harnessing of wave power" contains several misleading references to wave power. No one should underestimate the formidable problems of harnessing wave energy. But far more progress has been made than one would be led to believe from the article.

First of all the statement that "Those who ventured into rough water soon found their models crushed by the waves" is a gross misstatement. The models were not crushed by the waves but by the wind.

Our research team realised very early on that work out of doors in rough water was essential if the real problems were to be grasped. While it is true that early problems were encountered—no one's surprise—the work culminated with trials on Loch Ness in 1982—jointly funded by my company and the Department of Energy—of a 12-tonne Sea Claim model which comfortably survived more than 3m waves. There is no difficulty foreseen in scaling up this design to operate in North Atlantic wave conditions. It is hoped that a full design will be prepared for a prototype within the next two years.

Mr Fishlock's reference to "the need for a platform technology" is not relevant. We have found that platform technology has virtually nothing in common with the long floating structure required for wavepower.

It is true that the costs of wavepower are still unattractive in comparison with conventional generation. The projected costs however for Sea Claim—69p/kWh compared with 2-3p for nuclear and 3-4p for coal-fired—are certainly now within striking distance. It should also be realised that these costs were assessed on a most rigorous basis, as befitting what was the favoured source of renewable energy at the time. Other, now more favoured, sources have not yet been subjected to such severe analysis. When they are, it will be interesting to see the results.

The rapid escalation in the cost of the Orkney windmill (I remember that £3.4m was the projected cost when it was first announced), and the recent estimate of the CEBG at 10p/kWh for the cost of power generated by its trial wind machine at Carnarvon Bay, are indications that wind energy may well not fulfil its apparent promise.

J. M. P. Soper, Sea Energy Associates, 17 Royal Crescent, Cheltenham, Glouce.

Sizewell B and fuel costs

From Mr J. Baker

Sir—To judge from his letter on December 21 Mr Jones and I must agree to differ about the merits of Sizewell B.

In considering Mr Jones' comments on coal prices, however, it should be borne in mind that he advised the inquiry to be 95 per cent confident that the increase in the real price of world coal between 1980 and 2000 would, in CEBG's middle of the road scenario, be between NCB's forecast of 25 per cent and CEBG's of 50 per cent. It may be noted that even at the lower rate of increase Sizewell B would more than pay for itself out of savings in fossil fuel.

John W. Baker, Central Electricity Generating Board, Sudbury House, 15, Newgate Street, ECL.

'Smuggling' personal computers

From Professor M. Abbott

Sir—Along with my FT diary I have received an advertisement for a "City Collection briefcase with a built-in personal computer system" immediately below this on your brochure is a "Passport and credit card holder" complete with a photograph of a passport. Can it have escaped your notice that these items together constitute a disastrous combination? Not only will your traveller so equipped be charged with smuggling a valuable computer at any and every frontier but he will as well be charged with possessing a case designed to conceal this computer and you may yourself, I can imagine, be charged as a party to a conspiracy to smuggle personal computers in this manner.

These observations arise from my experiences at the border between the Netherlands and Belgium where a colleague and I were recently stopped for having with us a PC of similar capacity to that included in your offer. My car and car papers were impounded while I, as "senior partner," was lined up with a large number of other "offenders." After a hour 45 minutes of standing around waiting, I was called in to the customs officer and given a form to fill in giving the "destination" of my PC. Fortunately, my Dutch colleague was able to call the Belgian

organisation that we were visiting for the afternoon and warn them of our late arrival. More to the point, the director of this organisation immediately called back to the customs official to inform him that we had a local "expediteur" to put up the value of my PC and pay all import duties and fines. My colleague and I were then allowed to collect my car and to continue. By dint of missing lunch we were able to arrive only 2½ hours late. As a result, my lecture, to 20 of the top nuclear specialists in Belgium, went on until 10.10 instead of the 17.00 planned. Moreover, there was no proper time for discussions, so that I shall now have to visit these specialists in their various organisations at later dates. After the meeting we returned to the Netherlands and spent a further one hour arranging the now required papers at the border (by the way, nobody bothered to see the PC on its way in again).

I have since looked into possible countermeasures, such as acquiring documents that will satisfy the customs officials. In principle it is possible to obtain a temporary import licence for one's PC for such an occasion, but the time and effort involved to procure the documents and the waiting times involved at the borders are such that this is quite impractical. The best way that I can see is to acquire other identical machines in all countries that one will visit and transport the cassettes or discs

Lombard

When good money drives out bad

By Nicholas Colchester

MANY PEOPLE have heard of Gresham's law, but few are able to explain what it really means. "Bad money drives out good," said Sir Thomas Gresham to Queen Elizabeth in 1558 and today people probably accept the dictum in a spirit of uncritical fatalism—as a monetary equivalent of "things generally go downhill" or "what can go wrong will go wrong."

In his history of money Professor Galbraith said of Gresham's law: "It is perhaps the only economic law that has been challenged, and for the reason that there has never been a serious exception. Human nature may be an infinitely variant thing, but it has constants. One is that, given choice, people keep what is best for themselves. So, he explained: 'If there were any disposition to accept coin on faith it was inevitably the bad coins that were offered, the good ones that were retained.'"

I came across a "serious exception" to Gresham's law on August 15 1971 when, visiting London from America, I tried to buy a pair of shoes with a dollar traveller cheque. The salesman was flattered by my shape of my feet and my taste in expensive shoes but he would not bear of payment in dollars. Rumours of a traumatic devaluation of the dollar were already on the wind. Good sterling drove the bad dollars out of that (for me) memorable transaction.

Evidently one element in Galbraith's formulation was missing in Burlington Arcade that day: the "disposition to accept coin on faith." This prior condition for Gresham's law had been noted before during the hyper-inflation in Germany between the wars. In 1931 Bresciani-Turroni noted in his book *The Economics of Inflation* that "In monetary conditions characterised by a great distrust in the national currency the principle of Gresham's law is reversed and good money drives out bad." In light of this striking exception, and given that greed and suspicion must be the sides of any financial transaction, one may wonder whether Gresham's observation really qualifies as a law at all.

Prof. Hayek provided the

crucial missing element that rescues Gresham's point. The law holds only if there is a legally binding rate of exchange or identity, between the "good" money and the "bad"; or, in a national context, if both can be enforced as legal tender. Under such conditions the buyer can choose which forms of legal tender he offers while the seller has only a minimal ability to refuse it. So long as the Bretton Woods agreement held, the shoe salesman in Burlington Arcade found it impotent not to accept dollars, but on the day it crumbled, he could afford to become choosy.

Gresham probably took enforceability for granted. The Queen Elizabeth's government was one of despotic power issuing coinage to a people of widespread monetary ignorance. Power versus ignorance: these are the optimum pre-conditions for fraud, tempting both governments and individuals to exploit Gresham's law and to debase their means of payment wherever possible.

The smaller the ignorance, the greater the power needed to bold Gresham's law together, in sophisticated Israel, for instance, people increasingly defy the government in displaying prices, negotiating contracts and fixing salaries in U.S. dollars, even though they still have to use inflationary shekels as a transitory means of exchange. Too many people are too well informed to allow the bad money to drive out the good.

Throughout the industrialised democracies the conditions vital to Gresham's law have gradually evaporated in recent years. Too many people have been hurt by pre-war inflation in Germany for it ever to be exploited there after the war. The collapse of the fixed exchange rate system greatly weakened the hegemony of "bad" money. Since then, many countries have experienced the delights of inflation and public wisdom about bad money has become a widespread political force.

People today are inundated with information about inflation, but the exchange rates and monetary aggregates, Gresham's law is still valid, but with any luck it is becoming obsolete in the developed world.

ISSUE BY TENDER OF £300,000,000 2 per cent INDEX LINKED TREASURY STOCK, 1990

INTEREST PAYABLE HALF-YEARLY ON 25TH JANUARY AND 25TH JULY

1. The Stock is to be issued in the form of a single certificate of £100 nominal value, payable on demand to the bearer or to the order of the holder. The certificate shall be issued in the form of a single certificate of £100 nominal value, payable on demand to the bearer or to the order of the holder.

2. The principal of the Stock shall be repaid on 25th January 1990. The value of the principal on payment will be related, subject to the terms of this prospectus, to the movement of the index of the Stock, as published by the Department of Employment, or any index which may replace that index for the purposes of this prospectus, as published by the Department of Employment.

3. The principal of the Stock shall be repaid on 25th January 1990. The value of the principal on payment will be related, subject to the terms of this prospectus, to the movement of the index of the Stock, as published by the Department of Employment, or any index which may replace that index for the purposes of this prospectus, as published by the Department of Employment.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, and will be transferable, in multiple of one penny, by instrument in writing in accordance with the Stock Transfer Act 1983. Transfer will be free of stamp duty.

5. Interest will be payable half-yearly on 25th January and 25th July. Interest will be related, subject to the terms of this prospectus, to the movement of the index of the Stock, as published by the Department of Employment, or any index which may replace that index for the purposes of this prospectus, as published by the Department of Employment.

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tender and may therefore allot to tenders less than the full amount of the Stock. Tenders will be ranked in descending order of price and allotments will be made to tenders whose tenders are at or above the lowest price at which the full amount of the Stock can be allotted. Since the price of the Stock is not fixed, the amount of the Stock allotted to each tender will be determined by the price of the Stock at the time of the allotment.

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FINANCIAL TIMES

Friday December 30 1983

BELL'S
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INDUSTRIAL COUNTRIES MAY HAVE TO CUT BENEFITS

OECD warns on welfare budgets

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE LEADING industrial countries will face tough political choices about whether to curb the expansion of the welfare state over the next few years, says the Organisation for Economic Co-operation and Development (OECD).

In an unpublished paper that will form the basis for discussion among ministers early in the new year, the Paris-based organisation says that benefits will need to be cut in real terms if welfare spending is to be contained to its present proportion of total output.

Its calculations are based on an analysis of trends in the seven main industrial countries: the U.S., Japan, West Germany, Canada, the U.K., France and Italy.

Although it cautions that its conclusions do not necessarily apply to particular services or to individual

countries, the OECD's broad conclusion appears to be close to the UK Treasury's view.

The OECD's conclusions are:

- Given even moderate economic growth, the basic structure of the welfare state need not be under threat;
- Some curbing of the real level of benefits will be required, however, if social spending is to be contained at about 23 per cent of output, the average for 1982. With an "optimistic" 3.7 per cent a year average growth of output in the seven countries, benefits would need to be cut by 0.2 per cent a year. With a less optimistic growth rate of 2.8 per cent a year, the cut in benefits would need to be 0.6 per cent a year;
- Most countries will have to tackle the "inflexibility and inefficiency" of current social pro-

grammes. That includes the widespread distribution of benefits to better-off people in programmes intended primarily for the most needy;

- One of the most immediate pressures on social spending will result from the high unemployment rate of young people, currently about three times the rate for adults;
- In the longer term, the increasing proportion of older people in the populations will put serious strains on the welfare state if its benefits remain broadly unchanged.

The problem particularly in relation to pensions, will start to emerge around 2010 and will become "really severe" in about 2030. However, solutions need to be considered now since the whole structure of pensions may come in question. The report says that in recent

economic crises, some efforts have been made to improve the efficiency of the welfare service. "But the dominant response has been to control welfare spending across the board with little attention being paid to the costs and benefits of altering expenditure patterns on any particular programme."

A more thoroughgoing reform will be needed to enable the welfare state to adapt to the increased demands expected in the 1990s, or to some future economic shock. The need to curb benefits, even if output continues to rise, reflects the changing pattern of the population and the fact that the real costs of health and education services are likely to increase by about 1 percentage point a year faster than other prices.

Editorial comment, Page 6

Pretoria troops raid Swapo base in Angola

By Bernard Simon in Johannesburg

SOUTH AFRICAN aircraft yesterday attacked a regional headquarters of the South West Africa Peoples Organisation (Swapo) 180 miles inside Angola and knocked out anti-missile sites, the chief of the South African defence force, General Constand Viljoen said.

The raid was the latest in a series of operations over wide areas of southern Angola which started on December 8.

General Viljoen, addressing a press briefing in Pretoria, was at pains to play down the extent of the South African incursion, saying he expected his troops to withdraw in the next week or so.

"It is our intention to vacate Angola as soon as possible," he said, adding that the purpose of the operation was to prevent a large-scale infiltration by Swapo guerrillas into northern Namibia early in the new year.

An estimated 20,000 to 30,000 South African troops are based in Namibia and in southern Angola, involved in a low intensity conflict with Swapo who are fighting for the independence of the South African controlled territory.

Gen Viljoen said South African troops have had daily contacts with Angolan army forces since the incursion began, and at least one skirmish involved Cubans. In addition, ground-to-air missile sites attacked by South African aircraft were presumed to be manned by Cubans as well as Swapo forces.

Yesterday's air attack on the Swapo base, described by Gen Viljoen as a "defensive headquarters" located close to the town of Lubango, was intended to disrupt Swapo's ability to control operations during their new offensive.

He said the base appeared to be manned by between 200 and 500 guerrillas but that casualties were probably not heavy because the Swapo forces were mostly in dugouts. Eight South African soldiers have been killed during the present operation and one is missing.

According to Gen Viljoen, the main purpose of the operation is to pre-empt a move by 1,400 Swapo guerrillas north to Namibia from their bases in Angola. South African troops were also searching for mines and weapons caches hidden between the bases and the border and seeking to destroy Swapo's infrastructure - in addition to conducting reconnaissance over a wide area.

Gen Viljoen denied that South African forces had occupied the southern town of Cassinga on the main road to Namibia, but conceded that they had passed through the town. "We have vacated Cassinga."

He made no mention of the Unita resistance movement, which has scored several successes in its campaign against Angolan Government in recent months. The Angolans have accused South African troops of crossing the border to help Unita, rather than to attack Swapo.

Lagos austerity budget plan

Continued from Page 1

to N8.5bn forecast for the present year. In the same period, the current account deficit was cut from N4.9bn to N2.9bn, he said.

However, with export earnings for 1984 forecast at N8.5bn, and debt servicing expected to consume N3.0bn of that, imports in the coming year would have to be restricted to N5.5bn, allocated only to essential commodities, he said.

He promised that the system of issuing import licences would be "overhauled", to ensure that only established companies and entrepreneurs obtained them for direct use in their operations. It is expected that new regulations will exclude virtually all imports from the open general licence system.

France's industrial policy under attack

Continued from Page 1

The Talbot affair has now developed into a test case for the Government. In a clear effort to try to defuse the tensions between the administration and the labour movement, M. Mauroy is working on a new package of measures.

This package is expected to be unveiled early in the new year and is likely to reiterate the principle of a reduction in working hours to protect employment, the extension of measures to facilitate early retirement and other steps to help retain redundant workers.

Although the Talbot affair is boding the headlines, the Government is due to unveil painful restructuring plans for the coal and steel industries, among a series of programmes involving more reductions in troubled industrial sectors.

John Griffiths in London adds: Talbot UK continues to hold publicly to the view that the Poissy stoppage would have to continue for a considerable time before a shortage of parts affected its manufacturing and assembly operations.

Talbot's Ryton plant, which employs about 3,000 near Coventry, is

dependent on Poissy for some components of its ageing Alpine, Solara and Horizon models, which have been produced at the rate of about 30,000 a year, but sales of which have been falling sharply.

Its much-valued production at Stoke of Peykan - formerly Hillman Hunter - kits for Iran is not dependent on French-supplied components. Iran has asked for 65,000 such kits next year, and the revival of the business - after a steep fall in the wake of the Iranian revolution - was the main factor in Talbot UK's making its first net profit for 10 years in the first half of this year.

The uncertainty over Poissy's future, however, has set back negotiations over future investment by the Peugeot group in Talbot UK's manufacturing operations.

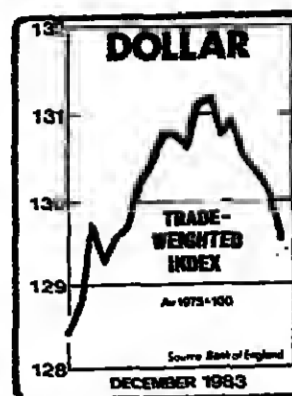
Much ground work has been laid on proposals by Peugeot to invest between £20m (£28.6m) and £50m in Ryton to produce a new "family" of Talbot models in about two years' time.

But negotiations between Talbot UK and the Department of Industry on aid for the project and a final decision by Peugeot on the investment, clearly are unable to proceed

THE LEX COLUMN

Package tours to cloud nine

The dollar has been taking a long overdue breather during the past week, as official statistics have pointed to a gradual slowdown in the pace of economic recovery. Yesterday's leading indicators and trade figures for November provided further encouragement for anyone planning to hold long dollar positions over the new year, and the pound gained over a cent to close at \$1.4485. The Bank of England, meanwhile, was keeping busy with a string of low-coupon and index-linked tickets clearly aimed at returning roll-up money. The Bank never looks gift horses in the mouth, even at this time of year.



substitution of a sub-section or the creation of a new one will not necessarily serve the desired end.

There is, for example, a strong case for dividing the oil sub-section, the only sector larger than electricals by market value, into production and exploration companies. This would, however, bring two very large exploration groups, BP and Shell, into the production sector, creating a considerable distortion between the two.

There is a danger that the present reorganisation will produce a similar imbalance. GEC is, despite this year's underperformance, far and away the largest component of the electricals sub-section and its business is spread fairly evenly between electronics and electrical goods. As a result, it does not fit happily into either category.

The indices must, however, remain responsive to changes in the composition of the economy and, at a time when almost every company coming to the market seems to carry an electronic tag, it is appropriate to recognise the trend. Similarly, the engineering contractors have declined to the point where, as Quilter Godson remarked in a recent study, their combined market capitalisation is substantially less than that of a single U.S. contractor, Fluor.

Reinsurance

The renewal season in the reinsurance industry is providing welcome, if belated, evidence that some discipline is being restored to a rating structure which has verged on the suicidal for the past three years.

Underwriting losses have become serious enough for primary insurers to worry about the solvency of many fringe operators in the reinsurance market. This has helped to reduce capacity and return a little of the initiative to the main players in the industry, almost all of whom are now pressing for higher terms, higher rates and greater participation by the primary insurers. The reinsurers have been deterred up to now from taking vigorous action by the fear that business would simply leak into other international centres. They will not be able to estimate the damage caused by contract cancellations until well into 1984, but most of them will be entering the new year feeling a shade more confident about their prospects.

Actuaries Indices

The FT-Actuaries Indices may not be carved in tablets of stone but changes in their number are rare enough to make them seem so. The new electronics sub-section, which will be introduced at the beginning of the year to replace engineering contractors, is the first actuarial creation for a decade.

Since the primary function of the indices is to measure investment performance over a period, frequent adjustments would complicate the fund manager's task of tracking relative sector weightings and capital growth. Moreover, the

UK insurer buys into French life market

By Eric Short in London

COMMERCIAL Union Assurance Company (CU), one of Britain's largest composite insurance groups, is entering the French life insurance and savings market by acquiring the Paris-based L'Epargne de France for FF32m (£27.5m).

Agreement has been reached with the main shareholders of L'Epargne that would give CU control of almost 80 per cent of the company. An offer to acquire the remaining shares will be made.

The Commercial Union is known primarily for its non-life insurance business, where its worldwide premium income last year was £1.6bn (£1.26bn). But it has a thriving life insurance business with premiums of £370m in 1982.

The main areas of operation for its life business, outside the UK, are the Netherlands, through the acquisition of Delta Lloyd in the 1960s, and in Canada, where business has grown organically. It has small, but active, life operations in Belgium and the U.S. its principal non-life market.

The group's worldwide expansion strategies apply to its life as well as its non-life operations. The proposed French acquisition will complement Commercial Union's non-life operations in France, where non-life premiums in 1982 amounted to FF178.8m.

L'Epargne operates throughout France, marketing mainly long-term savings products. Mr Cecil Harris, CU's chief executive, intends to develop the life side of the company, using CU's expertise.

The French life market is underdeveloped, accounting for around 1 per cent of gross national product, compared with 3 per cent of GNP for the UK and U.S. life markets.

The proposed acquisition is subject to approval by the French authorities, but CU hopes it will take effect by May 31 next year.

Israel Cabinet in budget talks

Continued from Page 1

their cuts in social services. The National Religious Party and Tami oppose the abolition of free high school education. The Tebiya party opposes any freeze or cutback in settlement building.

Even within the Likud bloc, comprised of the Herut and Liberal parties, there are ministers who dissent from the Treasury's approach. A Herut leader, Mr David Levy, the Deputy Premier, has said he will not support a plan which will deliberately create unemployment.

The Liberal party ministers are also unenthusiastic. Mr Odedon Pat, the Industry Minister, is upset over not being consulted about the proposed cuts in the development budget.

U.S. lender foresees secondary mortgage market in Britain

By Margaret Hughes in London

A SECONDARY market in mortgages, similar to that in the U.S., is likely to develop in Britain, predicts the chairman and chief executive of the largest U.S. savings and loan association.

Mr Charles Knapp of Financial Corporation of America (FCA), which is opening its first European office in London, said yesterday he had been discussing the development of such a market with leading British building societies, the chief source of private housing finance in the UK.

He said the societies had expressed interest in such a scheme whereby individual mortgages would be packaged together for repurchase and distribution in the market as securities. He hoped FCA would act as a catalyst for establishing such a market "within the next year or two."

Mr Mark Boleat, deputy secretary general of the Building Societies Association, said, however, that he saw little scope for such a secondary market. Mr Boleat, who recently visited the U.S. to study its housing finance market, said yesterday the conditions which have given rise to a "thriving secondary mortgage market" in the U.S. did not exist in Britain "nor are they likely to." New legislation would also be required.

This was also the view of Britain's biggest building society, the Halifax. A spokesman said he could see no future for such a market in the UK itself.

If mortgage business were undertaken across national borders, as is

being discussed on a European level, then these would be a case for a secondary market to match assets and liabilities in a particular currency, he said. Such international mortgage lending was not, however, envisaged in the next few years - "more likely in the next ten."

A secondary market has existed for many years in the U.S. as well as in Canada and France. It resulted from the regulatory limitations on the savings and loan business. Until recently it could not be conducted across state boundaries. In addition, mortgage and savings rates were fixed, unlike in the UK where they are changed by the lender and related, so that there is not the same mis-matching of assets and liabilities.

FCA's London representative office will be followed next year by representative offices in Zurich, Geneva and Hong Kong. It will raise deposits through the sale of mortgage-backed certificates of deposit.

FCA will offer CDs of varying maturities ranging from 30 days to five years, with an average size of about \$400,000. They will be priced about 25 basis points above those of U.S. secondary banks.

FCA, with assets of more than \$220m, has been listed on the London Stock Exchange since 1981 and has about 15 per cent of its stock held outside the U.S.

Mr Knapp said yesterday that while the company had "no intention of becoming a commercial bank or moving into the consumer lending field," it might in time offer

Fall in U.S. index 'reflects stable growth'

Continued from Page 1

Paul Volcker, the Federal Reserve Board chairman, repeated his contention that the size of the budget deficit and the burden of Treasury financing continues to work against a fall in interest rates even though "with nominal interest rates so far above the observed inflation, a natural expectation should be for interest rates to fall."

He hinted, however, that the Fed would not automatically respond to some rise in the current low inflation rate by automatically tightening monetary policy. "Small cyclical effects on prices in 1984" would not necessarily be "inconsistent with extending a trend towards greater price stability over time."

He went on to define "price stability" as "a situation in which expectations of generally rising (or falling) prices over a considerable period are not a pervasive influence on economic and financial behaviour."

He stressed, however, that although the insidious pattern of inflationary expectations has been partly broken, "the job is not complete."

Schwab probed after fraud claim

BY WILLIAM HALL IN NEW YORK

CHARLES SCHWAB, the biggest discount brokerage firm in the U.S., which was taken over by BankAmerica earlier this year, faces an investigation of its internal controls. The move arises out of allegations of frauds at one of its branches three years ago.

The examination, by independent auditors, of Schwab's internal audit procedures "will seek to establish whether the firm's 650,000 customers are adequately protected."

The investigation follows a decision by a Securities and Exchange Commission (SEC) administrative law judge yesterday. He ruled that Schwab must refrain from opening

any new accounts during a 30-day period next summer unless independent examiners can certify that the company's internal audit procedures have been improved.

The judge's ruling follows a SEC investigation of an incident in 1980 when an assistant manager of the firm's office in New Port Beach, California, was alleged to have defrauded 31 investors of nearly \$1m. The SEC investigators argued that Schwab's internal procedures were not adequate.

The firm, which started in 1971 with 10 employees and one office, has grown rapidly since the ending of fixed commission rates for stock

brokerage transactions in 1975. The firm now has offices in 70 locations in the U.S. and overseas.

Schwab officials said yesterday that they were unlikely to appeal against the judge's decision, and seemed happy to abide by his ruling. One official said the company's internal audit procedures had been strengthened substantially since the incident and the company expected to pass the examination.

It is understood that the SEC investigators had wanted the judge to ban Schwab from opening any more branches until its internal audit procedures and personnel training had been improved.

Rising and falling		Rising and falling		Rising and falling	
Algeria	12.57	Chad	10.15	Malawi	10.15
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New Issues December 29, 1983

Federal Farm Credit Banks Consolidated Systemwide Bonds

9.75% \$1,358,000,000
CUSIP NO. 313311 JY 9 DUE JULY 2, 1984

9.90% \$585,000,000
CUSIP NO. 313311 KC 5 DUE OCTOBER 1, 1984
Interest on above issues payable at maturity

Dated January 3, 1984 Price 100%

The Bonds are the secured joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038
Peter J. Carney President
This announcement appears as a matter of record only.

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The British Petroleum Company p.l.c.
Ordinary Shares of
25p each

Offer for Sale by Tender
by the Bank of England
on behalf of H.M. Government

**Final Instalment Due
11th January 1984**

The Bank of England wishes to remind holders of Letters of Acceptance that the final instalment of £2.35 per Share MUST BE PAID BY 3.00 P.M. ON 11th JANUARY 1984. Cheques for the amounts due, made payable to the Bank of England and crossed "Not Negotiable - BP Shares", must be forwarded, with the LETTERS OF ACCEPTANCE, TO THE APPROPRIATE RECEIVING BANKER WHOSE NAME AND ADDRESS APPEARS IN THE BOX ON THE RIGHT-HAND SIDE OF PAGE 1 OF LETTERS OF ACCEPTANCE.

Registration of Renunciation

The attention of holders of renounced Letters of Acceptance, i.e., those with Form X completed or marked "Original duly renounced", is drawn to instruction 5 on page 3 of the Letter.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Allied Textile Companies Public Limited Company

(Registered in England, Number 81338)

ISSUE OF £1,030,466 NOMINAL OF 10 PER CENT. CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1983 BY WAY OF SCRIP ISSUE

The Council of The Stock Exchange has admitted the 10 per cent. Convertible Subordinated Unsecured Loan Stock 1983 to the Official List. Particulars of this stock are available in the External Statistical Service and may also be obtained during normal business hours on any weekday (Saturdays excepted) up to and including January 13th, 1984 from:

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U.S. \$40,000,000.00 SERIES 07

TELEFONOS DE MEXICO, S.A.

(Organised under the laws of the United Mexican States)

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under a

U.S. \$75,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 10 1/2% per annum. The Maturity Date of the above Series of Notes will be 29th June, 1984.

29th December, 1983

Samuel Montagu & Co. Limited

Issue Agent

Granville & Co. Limited

Licensed Dealer in Securities

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Over-the-Counter Market

1982-83	Company	Price Change	Gross Yield	P/E	Fully
142	127 Ass. Bnt. Ind. Ord.	123 +1	6.4	5.2	7.2
158	117 Ass. Bnt. Ind. CULS.	135 +1	10.0	7.4	21.4
78	37 Airsurg Group	75 -	6.1	8.1	21.4
46	21 Armitage & Rhodes	28 +1	7.2	7.7	10.8
268	56y Borden Hill	268 +1	7.2	7.7	10.8
54	53 Bray Technologies	54 -	2.7	5.0	4.5
200	200 CCL Ordinary	200 -	5.0	2.5	4.5
151	100 CCL Tpe Conv. Pref.	151 -	12.7	11.0	6.4
270	100 Cindico Group	100 -	17.5	17.8	—
88	45 Deborah Services	92 +1	6.0	11.5	27.8
167	77 Frank Hensell	162 -	8.7	5.1	7.1
171	79y Frank Hensell Pl. Ord 87	171 -	7.1	18.2	2.4
83	38 Frederick Parker	83 -	7.3	14.6	13.9
55	32 George Blue	55 -	11.1	7.5	—
100	50 Int. Precision Castings	100 -	11.4	4.9	13.0
226	100 Int. Conv. Pref.	226 +1	11.4	4.9	13.0
118	47 Jackson Group	118 -	4.0	1.3	22.5
237	111 James Burroughs	235 -	20.0	18.8	13.8
200	275 Minhouse Holding NV	200 -	5.7	9.5	10.0
260	120 Robert Jenkins	120 -	2.5	3.5	—
53	54 Scrutons "A"	53 -	1.0	5.8	11.1
167	36 Torday & Carisle	167 -	6.8	7.8	10.1
428	38 Trevon Holdings	435 -	17.1	7.1	3.7
29	17 Unick Holdings	29 -	17.1	7.1	3.7
50	64 Walter Alexander	87 -	17.1	7.1	3.7
276	214 W. S. Yeates	240 -	17.1	7.1	3.7

U.S. \$125,000,000—SERIES 14



CELANESE MEXICANA, S.A.

(Organised under the laws of the United Mexican States)

Six Month Notes Issued in Series

under a

U.S. \$125,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated October 20, 1981, will carry an Interest Rate of 11 1/2% per annum. The Maturity Date of the above Series of Notes will be June 29, 1984.

December 30, 1983

By: Citibank, N.A. (CSSI Opt.), Issue Agent

CITIBANK

Companies and Markets

UK COMPANY NEWS

Strong all-round growth shown by Standard Life

AN OUTSTANDINGLY successful year for new individual life and pensions business in 1983 is reported by Standard Life Assurance Company, the largest life company in Scotland.

New annual premiums on its UK ordinary life business increased by nearly 150 per cent, from £30.3m to £74.6m, thanks to a boom in mortgage-related policies following the change over to MIRAS—the system whereby mortgage interest is paid net of basic rate tax.

New annual premiums on mortgage endowment contracts jumped fourfold from £12.6m in 1982 to £53m in 1983.

Sales of self-employed pensions continued strong in 1983 with new annual premiums rising 70 per cent to £6.4m and single premiums by nearly 50 per cent to £12.5m. However, growth in executive pensions business was more modest.

The other major growth area for new business was in unit-linked contracts where single premiums nearly tripled to £47.7m and annual premiums showed a two-thirds rise to £1.8m.

Ordinary life business in the Republic of Ireland showed significant growth with new annual premiums advancing from £900,000 to £1.3m and single premiums from £37.7m to £16.5m.

The company also managed to improve its group life and pensions business in the UK and Ireland, despite the continued impact of the recession on company pensions business. Total premium income increased from £188.6m to £208.7m, a rise of 11 per cent. There were 162 new insured schemes written during the year, compared with 131 in 1982, while there were 25

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are likely to be increased or the share prices shown below are based mainly on 1983 year's timetable.

Interim: H. J. Baldwin.

FUTURE DATES

Interim	Future Dates
Downy	Jan 18
Fifth Level	Jan 12
Hollis	Jan 4
Pennine Resources	Jan 6
Ridgway Metal Finishing	Jan 2
Thorn EMI	Jan 13
Unilever	Jan 18
Imperial Chemical Industries	Feb 23
Lloyds Bank	Mar 9
Watson and Philip	Jan 6

new clients in the managed funds.

Business in Canada showed steady growth in all sectors. New annual premiums on ordinary life business rose from £34.1m to £35m, and single premiums from £348.3m to £358m. Total group life and pension premium income improved from £324.6m to £327.9m.

United Kingdom Provident Institution experienced a very successful year for new life and pensions business with new annual premiums advancing by more than 50 per cent, from £27.2m to £41.4m, and single premiums by nearly two-thirds, from £51.3m to £84.5m.

The main growth area was in the sale of mortgage-related contracts, thanks to MIRAS, where new annual premiums rose three-fold from £1.5m to £4.5m. Single premiums also rose from £3.2m to £5.5m, while associated single premiums climbed from £33m to £53m.

Self-employed business continued buoyant with annual premiums of £3m, against £2.4m, and single premiums of £12.2m against £9.7m. Individual pension plans sales also moved forward steadily, while the new group pension money purchase policy sold £1.3m in the first two months since launch.

The main success story in 1983 for Scottish Provident Institution is the welcome given by the market to its entry into the unit-linked sector at the beginning of November.

Over £23m of new premium was received in the two months and this accounts for the doubling of single premium business in 1983.

The company participated in the MIRAS boom with new annual premiums rising 150 per cent to £6.5m. Self-employed pensions premium improved around 10 per cent.

Thus new annual premiums on non-linked business rose from £12.5m to £19.5m, but non-linked single premiums were halved from £11.7m to £5.3m.

Net premium income of pension scheme business was cut from £3.7m to £1.3m, but rose on managed fund business from £3.3m to £3.7m.

Eagle Star £934m bid battle reaches climax

The two-month-old £934m bid battle between Eagle Star, the tobacco and retailing group, and West German insurance company, Allianz, for Eagle Star, the UK insurer, comes to a climax today.

The two companies must reveal their final bids by 5 pm this afternoon or announce that they have reached agreement on a compromise under which one of the bidders will withdraw.

The two sides began talks on Wednesday aimed at reaching a compromise. BAT's strong card is the approval that the Eagle Star board has given to its bid, while Allianz is in a strong position with its 29.9 per cent holding in Eagle Star.

Allianz first approached Eagle Star late in 1980, seeking to take a substantial minority holding, but was rejected. In June 1981, Allianz staged a dawn raid on Eagle Star, acquiring a 14.9 per cent holding. It raised this to

23.1 per cent a few days later. By October 19 1983 Allianz raised its holding to 29.9 per cent and offered 500p per share for the rest of the Eagle Star equity. On November 2 BAT launched a 575p counter offer which was accepted by the Eagle Star board.

BAT announced yesterday that its latest offer of 675p per share had been accepted by the owners of 1.96 per cent of the shares—BAT already owns a 0.72 per cent holding. This offer, which has been matched by Allianz, has been extended to January 13.

An extraordinary meeting of Eagle Star shareholders yesterday approved a resolution to reorganise Eagle Star's share capital in the event of the Allianz offer becoming unconditional.

Eagle Star's shares rose 6p yesterday to 712p, valuing the company at £987m.

Reed Stenhouse could not justify raising terms

Reed Stenhouse, the Canadian insurance broker, has written to shareholders in Stenhouse Holdings explaining why its £53m offer will not be increased.

The offer, which was extended until January 11, is currently worth 144p per share and has received sufficient acceptances to lift Reed Stenhouse's holding to 39.5 per cent.

Reed Stenhouse explains that any improvement on the terms could not be justified to its own shareholders who are also required to approve the merger. In any event, increase in the offer "would probably affect the Reed Stenhouse share price which has remained stable since the announcement of the offer. Any fall in the share price would reduce the value of the offer to you as well as adversely affect

the existing Reed Stenhouse shareholders."

The bidder also stresses that accepting Stenhouse Holdings shareholders gain an immediate 35.9 per cent increase in capital value over the price prevailing before the offer was announced, and will "benefit substantially from the unlocking of the dormant share price and net asset value."

Uncommitted Stenhouse Holdings shareholders are reminded that the terms resulted from an intensive negotiation. Reed Stenhouse was "negotiated to its limit" in setting out the offer in the strong belief, encouraged by the Stenhouse Holdings board, that by adding 4p cash per share to the value of the terms, its offer would be "unanimously recommended."

MINING NEWS

Inspiration Resources cuts nine-month deficit

By GEORGE MILLING-STANLEY

CLOSE ATTENTION to cost control has enabled Inspiration Resources to reduce its net loss for the first nine months of 1983 by more than a third.

There has, however, been some worsening of the position in the latest quarter, with the net loss of U.S.\$23.39m (£16.7m) amounting to not far short of half the total deficit for the nine months.

Losses for the first three-quarters of the year totalled \$51.76m, compared with \$70.46m in the same period of 1982.

Inspiration, which earlier this year became the main operating subsidiary of Minerals and Re-

sources Corporation (Minorco), the principal international investment vehicle of South Africa's Anglo American Corporation/De Beers Consolidated Mines group, said the losses were "clearly unsatisfactory."

Mr Reuben F. Richards, chairman and chief executive officer, pointed out that the reduction in the loss over the first nine months of the year reflected improvements in operating efficiency, rather than increases in prices for the group's various products.

Copper, in particular, has been a disappointment, especially in the latest quarter, with the price falling back to around 60 cents per pound after the earlier recovery to above 80 cents.

Fertiliser and agricultural chemicals were also problem, with the performances of the Iowa-based Terra Chemicals representing the biggest single downturn of any of Inspiration's divisions.

The oil and gas operation of Trend International remained in profit, but at lower levels than in the previous year.

The small but increasingly important precious metals subsidiary Inspiration Mines was profitable, with the Black Pine silver mine in Montana as the major contributor.

Additional silver properties are being developed, and during the past quarter Inspiration acquired three small zinc mines from New Jersey Zinc.

LADBROKE INDEX
164-769 (-6)
Based on FT Index
Tel: 01-493 5261

Dollonds Photo cuts into loss at halfway

FOR THE six months ended July 31 1983, the pre-tax loss at Dollonds Photographic Holdings has been cut from £216,546 to £143,374. After this financial year the photographic division will cease to be a drain on the group's resources.

As announced in October, the company has decided to pull out of retailing photographic equipment. The sale of the leasehold premises is proceeding satisfactorily, and the disposal of stocks is in accordance with expectations, the directors report. Losses in the division will continue to be reflected in the results for the full year ended January 31 1984.

Proceeds from the sale of the leases of the subsidiary, together with the related costs including redundancy, will be dealt with in the full-year accounts.

The Geoff Axtell Group, which produces special effects for TV commercials and feature films, made a significant contribution to the results in respect of the six-week period of ownership to July 31. Agency Estate Investments, the estate agency in which Dollonds took a 51 per cent interest recently, is trading and its results to date are in excess of the budgeted forecasts.

Group turnover for the half year came to £1.54m, against £1.74m, excluding VAT. The loss was struck after depreciation and amortisation (£13,863), interest £20,079 (£6,096), and included investment income £1,791 (£145).

Group turnover for the half year came to £1.54m, against £1.74m, excluding VAT. The loss was struck after depreciation and amortisation (£13,863), interest £20,079 (£6,096), and included investment income £1,791 (£145).

comment
Dollonds is a classic example of just how fashionable shell companies have become. Since the new owners clapped eyes on the ailing photographic company at the start of the year, its shares have increased in value nearly 12-fold to end yesterday at 323p, capitalising the group at £2.8m. By Christmas, all 22 of the photographic shops had been sold, producing a book profit enough to wipe out that division's £300,000 borrowings and leave some cash in the kitty. Meanwhile, the directors have acquired a television special effects company, which should contribute around £120,000 to the full year, and set up a joint venture in an up-market estate agency. The residue of photographic losses will still leave the bottom line awash with red ink at the year end, but profits are on the cards for 1984-85. So far, the directors are happy to borrow—£400,000 to date—to finance the estate agency, which has opened three branches and plans 10 more within the next few years. But if they make any further acquisitions, as seems likely, a rights issue could be in prospect.

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INTERNATIONAL MARKETS

WALL STREET

Twinge of seasonal indigestion

A DIFFICULT, and somewhat confused, trading session emerged on Wall Street yesterday when fundamental investment confidence was upheld by the latest set of U.S. economic indicators but indigestion in the credit markets kept bond prices in check, writes Terry Byland in New York.

The stock market opened with gains in leading stocks after the announcement that the index of leading economic indicators had recorded a fall of 0.4 per cent in November. This was seen as further proof that economic growth is moderating and thus rendering less likely any tightening of Federal Reserve credit policies.

But the early advance was stifled when the Federal funds rate, the key short-term market rate, was forced up to 10% per cent as professional traders struggled to meet the Treasury's funding programme and also balance the books ahead of another prolonged holiday weekend.

When the Federal funds touched 10% per cent, the Federal Reserve took pity on the market's plight and intervened with overnight system repurchases. This brought little change in the credit markets, where the funds rate remained high, but the stock market tried to resume its advance.

The Dow Jones industrial average closed 3.05 down at 1,260.16.

Turnover remained moderate and hopes of piercing the Dow Jones 1,300 barrier early in the new year were subdued.

Stock in Gulf United, the insurance company, topped the active list, easing 5% to \$294 after Charter announced it had sold its 9.9 per cent stake.

Oil stocks proved unable to extend the advance of the previous session as investors realised that the increase in heating oil prices by the majors may have little overall effect on profits. Exxon, among the first to raise prices, slipped 5% to \$37 and similar losses were recorded by Gulf at \$43, Standard Indiana at \$50 and Atlantic Richfield at \$44.

But, once again, there was a number of special situations to provide the features of the market. Getty Oil was active again with the price slipping below the \$100 a share offer for 20 per cent of the stock by Pennzoil, suggesting that speculators now consider a rival offer less likely. At \$97, a fall of \$2, Getty stock stood at an acceptable discount to Pennzoil's terms from the point of view of the arbitrageurs who are warehousing the stock.

Also pushing the Dow Jones transport average ahead were the rail issues, led by Burlington Northern, \$14 up at \$97 and Union Pacific \$14 higher at \$51.

In technology issues, Honeywell, a weak spot on Tuesday despite the board's forecast of higher sales and profits, dipped \$3 to \$132 yesterday with investors backing away after reports that a major brokerage house is about to downgrade its rating of the stock.

A feature among steel issues was LTV Corporation, 5% lower to \$18 on turnover of more than 500,000 shares as investors weighed the chances of a favourable ruling on the proposed merger with Republic Steel.

The credit market was mildly disappointed with the moderate response to Wednesday night's auction of seven year Treasury notes. The key long bond was flat, awaiting the outcome of the auction of 20 year bonds. The long bond ended 1/2 down at 101 1/2 to yield 11.79 per cent. Initial reports from the auction of 20 year bonds indicated a satisfactory outcome.

Treasury bills remained inactive while the Federal funds rate soared. Three-month bills were discounted at 8.95 per cent and six-month bills at 9.14 per cent.

Municipal bonds edged higher but this sector remained disturbed by the U.S. Treasury's refusal to grant tax exempt status to Guam's \$850m bond, which was, due to close yesterday. If the issue fails, then some investment cash earmarked for it could be available for other similar issues.

Corporate bonds moved up but turnover remained thin.

LONDON

OECD study dampens enthusiasm

THE THREE-WEEK record-breaking Christmas account drew to a quiet close in London yesterday. A continuing sub-standard volume of business again reflected the large number of investors still enjoying extended holidays, while Wall Street's disappointing overnight performance also inhibited interest.

Prices opened easier with sentiment not helped by the OECD economic study suggesting that any official attempts to dampen inflation further are likely to prove incompatible with continuing economic recovery.

By the close, the Financial Times industrial ordinary index was down 3.1 on the day - but still 15.4 up on the account - at 772.5 and 3.7 off last week's record high.

Easier conditions returned to the gilt-edged market after Wednesday's gains that stemmed from revived optimism about lower U.S. interest rates, as operators awaited any possible new funding arrangements from the Government.

Details, page 15, Share Information Service, Pages 16-17.

EUROPE

Record run extends to final lap

EUROPEAN BOURSES did what was expected of them yesterday by extending their record breaking run. New peaks were reached in Amsterdam, Frankfurt, Paris and Copenhagen, largely as a result of end-of-year factors, while Milan and Madrid closed higher in quiet trading.

The final day of trading for the year in Amsterdam brought record highs for the third consecutive session in all the main indices. The ANP-CBS general index, calculated at mid-day, rose 0.9 to 154.2, aided in part by the strong performance by Royal Dutch/Shell, FI 3.10 stronger at FI 137.60.

Elsewhere publishing, transport, food and insurance issues improved, while the domestic bond market lagged with most prices unchanged or in a few cases 10 cents to 20 cents higher.

Frankfurt's final session of the year witnessed the FAZ index also calculated at mid-day, gain 0.12 to a record 351.83, although parts of the market later succumbed to profit-taking.

Daimler Benz finished the year at DM 650.50 ex-dividend, a net 50 pf lower on the day, but over DM 250 higher than last December. Adjusting for the rights issues, the share price improved by over 80 per cent.

Domestic bonds ended on a firmer note with relatively large turnover.

End-of-year stock purchases, largely to benefit from tax concessions, moved Paris trading to a new high with the all share index, the Index Tendance, some 0.9 up to 167.9.

Buying was partly affected, however, by a fall in the dollar against the franc and a further 1/2 point rise in the call money rate to 12 1/2 per cent.

Shipping shares were the only weak spot in Copenhagen which saw the SE index add 1.51 to another all-time peak of 211.85. Insurers were marginally ahead with the trade and services sector scoring the best gains.

A quick reversal of both the previous session's tailspin and initial gloom over higher petrol prices edged Milan higher.

Chemicals were a strong point in Madrid which closed higher in relatively lighter volume.

Bargain hunting in Stockholm left shares mixed in light to moderate trading. Similar trading conditions prevailed in Zurich, lightly mixed at the close, although banks were steady to higher.

Prices in Brussels ended the year lower in a mixed session.

SOUTH AFRICA

GOLD MINING shares tended generally lower where changed in Johannesburg although trading volume was low.

But in chemicals, AECI added 20 cents to R9 following its announcement earlier this week that it is negotiating to buy from Sentrachem the 40 per cent that it does not already own in the Coalex polyvinyl-chloride plant. Sentrachem moved up 10 cents to R3.25.

CANADA

STRENGTH in the gold and oil sectors paced an overall advance in Toronto.

Of the 14 major groupings, declines were seen only in papers, consumer products, industrial products and properties.

A slight overall decline was seen in Montreal. Banks managed a small advance but other sectors weakened.

This announcement is not an offer to purchase or a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated December 28, 1983 and the related Letter of Transmittal and is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction.

Notice of Offer to Purchase for Cash
16,000,000 Shares of Common Stock
of

Getty Oil Company

at

\$100 Per Share Net

by

Holdings Incorporated

a wholly owned subsidiary

of

Pennzoil Company

THE WITHDRAWAL DEADLINE IS 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 18, 1984. THE OFFER AND THE PRORATION PERIOD WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 25, 1984, UNLESS EXTENDED.

Holdings Incorporated, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Pennzoil Company, a Delaware corporation ("Pennzoil"), is offering to purchase up to 16,000,000 shares of Common Stock, without par value (the "Shares"), of Getty Oil Company, a Delaware corporation (the "Company"), at \$100 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated December 28, 1983 (the "Offer to Purchase") and in the related Letter of Transmittal (which together constitute the "Offer").

The Offer is not conditioned upon any minimum number of Shares being tendered.

The Purchaser reserves the right to purchase additional Shares pursuant to the Offer, although the Purchaser has no present intention to do so. The purpose of the Offer is for the Purchaser to acquire a substantial equity interest in the Company with a view to participating in a constructive way in the formulation and implementation of a restructuring of the Company.

The Purchaser reserves the right, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to Citibank, N.A. (the "Depository").

The Purchaser will be deemed to have accepted for payment and purchased tendered Shares as, if and when the Purchaser gives oral or written notice to the Depository of its acceptance of the tenders of such Shares. Payment for Shares tendered and purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depository of certificates therefor, a properly completed and duly executed Letter of Transmittal and any other required documents.

If more than 16,000,000 Shares (or any greater number of Shares to be purchased pursuant to the Offer) shall be properly tendered by 12:00 Midnight, New York City time, on Wednesday, January 18, 1984 (the "Expiration Date"), and not withdrawn, the Purchaser, on the terms and subject to the conditions set forth in the Offer, will purchase 16,000,000 Shares (or such greater number of Shares to be purchased pursuant to the Offer) on a pro rata basis (with adjustments to avoid purchases of fractional Shares) according to the number of Shares tendered by each stockholder prior to the Expiration Date. If fewer than 16,000,000 Shares (or any greater number of Shares to be purchased pursuant to the Offer) are properly tendered prior to the Expiration Date and not withdrawn, all Shares so tendered and not withdrawn will, subject to the terms and conditions of the Offer, be purchased.

Tenders of Shares are irrevocable, except that Shares tendered pursuant to the Offer may be withdrawn at any time prior to 12:00 Midnight, New York City time, on Wednesday, January 18, 1984, and, unless theretofore accepted for payment as provided in the Offer, may also be withdrawn after February 26, 1984. In addition, if another bidder (other than the Company) commences a tender or exchange offer for some or all of the Shares and the Purchaser has received notice or otherwise has knowledge of the commencement of such other offer, Shares tendered pursuant to the Offer that have not theretofore been accepted for payment by the Purchaser in accordance with the terms of the Offer may also be withdrawn on the date of, and for 10 business days following, the commencement (other than by public announcement) of such competing offer. To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depository and must specify the name of the person having deposited the Shares to be withdrawn, the number of Shares to be withdrawn and the names in which the certificates are registered if different from that of the tendering stockholder. If certificates have been delivered or otherwise identified to the Depository, a tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn, and the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in the Offer) prior to the physical release of the certificates for the withdrawn Shares.

The information required to be disclosed by paragraph (c)(1)(iv) of rule 14d-6 of the General Rules and Regulations under the Securities Exchange Act of 1934 is contained in the Offer to Purchase and is incorporated herein by reference.

The Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager) for soliciting tenders of Shares pursuant to the Offer.

The Offer to Purchase and the Letter of Transmittal contain important information which should be read before any decision is made with respect to the Offer.

A request is being made to the Company for the use of its stockholders list and security position listings for the purpose of disseminating the Purchaser's Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names appear or whose nominees appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

Requests for copies of the Offer to Purchase and the related Letter of Transmittal may be directed to the Information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Purchaser's expense.

The Information Agent for the Offer is:

D.F. KING & CO., INC.

One North LaSalle Street
Chicago, Illinois 60602
(312) 236-5881 (Collect)

60 Broad Street
New York, New York 10004
(212) 269-5550 (Collect)

400 Montgomery Street
San Francisco, Calif. 94104
(415) 788-1119 (Collect)

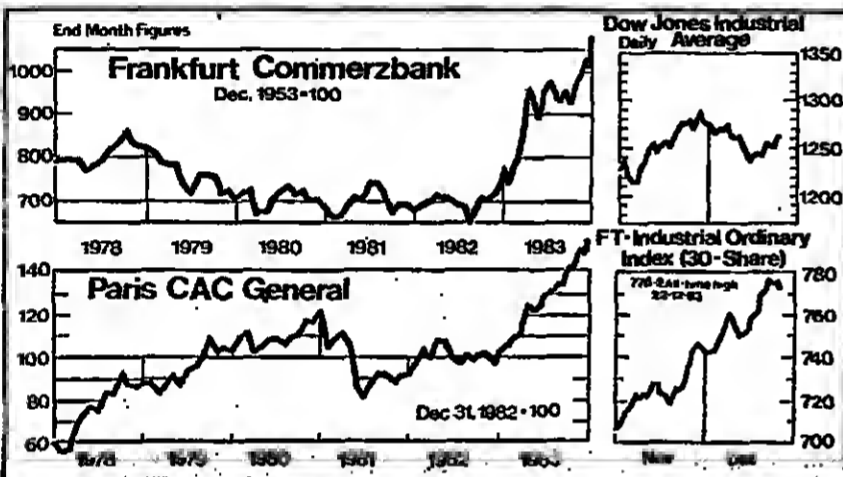
The Dealer Manager for the Offer is:

LAZARD FRÈRES & Co.

One Rockefeller Plaza
New York, New York 10020
Attention: Syndicate Department
(212) 489-6600 (Collect)

December 28, 1983

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 29	Previous	Year ago
DJ Industrials	1260.16	1263.21	1069.60
DJ Transport	591.98	598.26	450.60
DJ Utilities	131.79	132.66	119.51
S&P Composite	164.85	164.61	141.24

LONDON	Dec 29	Previous	Year ago
FT Ind Ord	772.5	775.00	563.6
FT-A All-share	468.89	470.01	381.30
FT-A 500	500.68	501.66	400.89
FT-A Ind	460.42	462.39	336.34
FT Gold mines	580.9	594.00	562.2
FT Govt sves	83.15	83.37	81.79

TOKYO	Dec 29	Previous	Year ago
Nikkei-Dow	closed	9893.82	8016.67
Tokyo SE	closed	731.82	593.72

AUSTRALIA	Dec 29	Previous	Year ago
All Ord.	770.1	765.60	495.50
Metals & Mins.	555.1	562.60	409.70

AUSTRIA	Dec 29	Previous	Year ago
Credit Aktien	56.34	56.11	51.08

BELGIUM	Dec 29	Previous	Year ago
Belgian SE	136.16	136.34	101.12

CANADA	Dec 29	Previous	Year ago
Toronto Composite	2545.32	2542.70	1934.20

MONTECARLO	Dec 29	Previous	Year ago
Industrials	441.28	442.86	325.26
Combined	426.73	426.15	321.50

DENMARK	Dec 29	Previous	Year ago
Copenhagen SE	211.85	210.34	100.19

FRANCE	Dec 29	Previous	Year ago
CAC Gen	156.50	155.50	102.20
Ind. Tendance	167.80	167.00	120.00

WEST GERMANY	Dec 29	Previous	Year ago
FAZ Aktien	351.83	351.71	252.14
Commerzbank	1041.70	1044.00	761.60

HONG KONG	Dec 29	Previous	Year ago
Hang Seng	877.15	874.15	778.22

ITALY	Dec 29	Previous	Year ago
Borsa Comm.	192.16	191.07	165.46

NETHERLANDS	Dec 29	Previous	Year ago
ANP-CBS Gen	154.20	153.30	100.50
ANP-CBS Ind	129.30	127.70	84.00

NORWAY	Dec 29	Previous	Year ago
Oslo SE	220.32	221.57	98.12

SINGAPORE	Dec 29	Previous	Year ago
Straits Times	1001.05	997.39	731.35

SOUTH AFRICA	Dec 29	Previous	Year ago
Gold	n/a	877.50	972.00
Industrials	n/a	856.50	733.60

SPAIN	Dec 29	Previous	Year ago
Madrid SE	115.32	115.62	99.54

SWEDEN	Dec 29	Previous	Year ago
J.S.P.	1435.36	1429.32	899.70

SWITZERLAND	Dec 29	Previous	Year ago
Swiss Bank Ind	389.80	384.50	286.70

WORLD	Dec 29	Previous	Year ago
Capital Int'l	183.50	182.70	154.90

GOLD (per ounce)	Dec 29	Previous	Year ago
London	\$382.125	\$377.875	\$378.00
Frankfurt	\$382.50	\$378.00	\$378.00
Zurich	\$382.25	\$378.00	\$378.00
Paris (Baring)	\$378.52	\$378.07	\$378.07
London (Baring)	\$379.65	\$379.50	\$379.50
New York (Feb)	\$385.50	\$381.60	\$381.60

COMMODITIES	Dec 29	Previous	Year ago
(London)	Dec 29	Dec 29	Dec 29
Silver (spot fixing)	\$10.80p	\$10.80p	\$10.80p
Copper (cash)	\$277.50	\$277.50	\$277.50
Coffee (Jan)	\$1982.50	\$2004.00	\$2004.00
Oil (spot Arabian light)	\$28.47	\$28.37	\$28.37

FINANCIAL FUTURES	Dec 29	Previous	Year ago
CHICAGO	Dec 29	Dec 29	Dec 29
U.S. Treasury Bonds (CBT)	70-07	70-15	70-02
U.S. Treasury Bills (BIM)	90-77	90-82	90-76
Certificates of Deposit (BIM)	90-10	90-15	90-07
U.S. 3-month T-bills	109-14	109-22	109-10

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WORLD STOCK MARKETS

TOKYO

Foreigners underpin growth

SHARES have continued almost consistently upward on the Tokyo stock exchange this year, accelerating toward the end and leaving the Nikkei-Dow index very close to the 10,000 level, writes Shigeo Nishiwaki of Jiji Press.

Market participants expect another leg of the bull run in the trading sessions that start on January 4, with the help of a recovery in corporate results in the business term ending next March and greater political stability as evidenced by the coalition of the Liberal-Democratic Party with the New Liberal Club.

The Nikkei-Dow closed the fiscal session of the year at 9,883.82 on Wednesday, 21.8 per cent ahead of last year's close despite some corrections in the course of the year. Two-way trading amounted to ¥101,590bn (¥43.5bn) in 1983, up by a sizable 44.5 per cent from the previous year's ¥70,347bn.

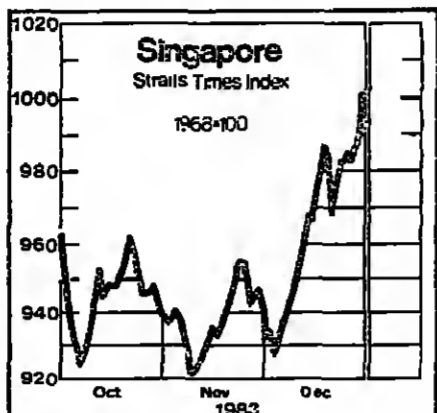
The bull market in 1983 reflected the simultaneous global advance in stock prices on hopes of an economic recovery, but the impact of continued net foreign buying of Japanese stocks between September 1982 and August 1983 can hardly be overlooked.

Foreign purchases and sales on the first section of the Tokyo stock exchange from January 4 to December 17 hit an all-time high of ¥10,587.2bn, surpassing the previous high of ¥7,765.1bn set in 1982. Foreign activity accounted for 10.9 per cent of total two-way trading of ¥94,949.2bn against 8.3 per cent in 1982.

Growth stocks in general remained in the limelight this year. Some of the relatively small-capital ¥50 face value stocks with high growth potential attracted foreign buyers and rose above ¥10,000. Among them were Takeda Riken (¥15,000), Computer Service (¥11,110), Seven Eleven (¥10,900) and Fanuc (¥10,800).

The second section was spotlighted this year. The index of stock prices there climbed by a sharp 77.7 per cent to finish at 1,504, thanks to the exchange authorities' efforts to enliven the market as well as the growing investor popularity of venture business shares.

Many market participants anticipate an extension of the bull market into next year, prompted by a full-fledged domestic economic recovery, greater political stability, and renewed foreign activity after the year-end festive season and account settlements.



SINGAPORE Plantations aid record

PRICES in Singapore yesterday broke out of their Christmas holding pattern to surge to a record high in active trading. The Straits Times industrial index hurtled through the psychologically important 1,000 barrier for the first time to finish at 1,001.05, up 13.66, writes Chris Sherwell in Singapore.

Some analysts said the market was technically "very strong" and could go substantially higher over the next few months while others cautioned that fund managers may also be involved in year-end window dressing.

The market has displayed uncertainty about its direction in recent months and trading volumes have slumped after a strong performance earlier in the year.

The all-time high of 28.3m shares traded recorded in July compares with last year's daily average of 6.6m. Yesterday's volume was 15.3m, compared with Wednesday's 10.6m.

Specific positive factors pushing the market higher yesterday were the record response to a share issue by construction group L&M Group Investments, confirmation of a successful takeover of SPP Ltd by Tuan Sing Holdings and the firmness in palm oil prices.

Plantation stocks like Genting, Sime Darby and K.L. Kepong all showed gains. The day's best performer was Boonwee, which finished 6 cents higher at S\$1.24. Other strong risers were recorded by Malaysian Tin Printing, Tuan Sing Holdings and Jack Chis-MPH.

Rises outnumbered falls by 132 to 33 and the total value of shares traded was about S\$45m. The previous record high for the Straits Times index was 922.62, set on August 25. It began the year at 725.

AUSTRALIA

INDUSTRIAL shares buoyed the Sydney stock market to a record high yesterday, as the All Ordinaries index gained 4.2 to 769.9 and the All Industrials breached the 1,000 level for the first time with a 4.6 advance to 1,002.9. Resource stocks also displayed strength.

The records are perhaps not too surprising as some traders, awash with cash, are determined to make investments before the end of the year.

TNT gained 10 cents to AS2.40, while Broken Hill put on 15 cents to AS14.15 on reports from its Wirrah 3 well.

Banking shares were also actively traded.

HONG KONG

INSTITUTIONS, tying up their portfolios before year-end, were the main source of activity in Hong Kong yesterday, although most leading shares were either unchanged or changed only slightly. The Hang Seng index rose 3 to 877.15.

Jardine Matheson was 10 cents firmer at HK\$11.30, Hutchison Whampoa was steady at HK\$14.80 although Hongkong Land added 5 cents to HK\$2.95.

Other property issues to advance were Cheung Kong, 5 cents stronger at HK\$18.30, and Sun Hung Kai, 3 cents ahead at HK\$4.85.

CANADA

Stock	Dec 29	Price	+ or -
Alcan Inc.	19.1	43.7	-
Bell Canada	19.1	43.7	-
Imperial Oil	19.1	43.7	-
Bank of Montreal	19.1	43.7	-
Bank of Toronto	19.1	43.7	-
Bank of Nova Scotia	19.1	43.7	-
Bank of New Brunswick	19.1	43.7	-
Bank of New South Wales	19.1	43.7	-
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Bank of New Ireland	19.1	43.7	-
Bank of New Jersey	19.1	43.7	-
Bank of New Mexico	19.1	43.7	-
Bank of New York	19.1	43.7	-
Bank of New Zealand	19.1	43.7	-
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NEW YORK DOW JONES						
	Dec 29	Dec 26	Dec 27	Dec 28	Dec 29	Dec 22
Industrials	1250.16	1263.21	1263.72	1259.51	1248.8	1263.3
Transport	561.19	568.2E	568.47	567.28	566.84	567.1

LONDON STOCK EXCHANGE

MARKET REPORT

Record-breaking Christmas Account ends with index below peak

Account Dealing Dates

*First Declared Last Account
Dealings Dealings Day
Dec 12 Dec 22 Dec 23 Jan 9
Dec 13 Jan 12 Jan 13 Jan 23
Jan 16 Jan 26 Jan 27 Feb 6
New-time dealings may take
place from 9.30 am two business days
earlier

The three-week record-breaking Christmas Account drew to a quiet close yesterday. A continuing substantial volume of business again reflected the large number of investors still enjoying extended holidays. Well Street's disappointing overnight performance also inhibited interest.

Leading equities, which have seen a buoyant run-up to the year-end and has seen the Financial Times Industrial Ordinary share index continually breaking into record highs, succumbed to quiet end-of-account influences yesterday. Prices opened easier with sentiment not helped by the OECD study suggesting that any official attempts to further dampen inflation are likely to prove incompatible with continuing economic recovery. In evening trade, sporadic profit-taking saw quotations easing further.

The 30-share index opened with a loss of 1.7 at 10 am and was showing a fall of 4.5 at the three afternoon calculations before indications from yesterday's opening on Wall Street prompted a slight rally which left the measure down 1.1 on the day but still 15.4 up on the Account at 772.5 and 3.7 off last week's record high.

Of the constituents, Beecham, Glaxo and ICI all gave up ground on fears about increased competition in the international pharmaceutical industry, while BP contrasted with a further small gain on consideration of the big U.S. freeze and the implications for a change in the oil supply/demand picture.

Easier conditions returned to the gilt-edged market after yesterday's gains that stemmed from revived optimism about lower U.S. interest rates. Disappointed by the overnight performance on the U.S. bond market, dealers opened the Funds around 1.5 easier. Quotations eased further despite another good showing by the pound and at one stage were sustaining falls of around 2 to 4 as operators awaited any possible new funding arrangements from the Government.

In the event, details, after hours as usual, of £600m new stock, made up of £300m 2 per cent indexed Treasury 1990, £100m of 3 per cent Treasury 1986 and £200m of 3 per cent Treasury 1987 made little impact on late sentiment and closing falls of were still commonplace.

The FT-actuarial Securities Index, at 83.15, gave up the previous day's rise of 0.22. Merger hopes continued to underpin discount Houses and Seacombe Marshall rose 15 to 255, while Cater Allen gained 8 more to 453, both levels being 1983 highs. Union also advanced

8, to 683. Among other Financial issues, Merchant Banks moved narrowly higher but the Clearers were uniformly dull.

The possibility of substantial claims arising from the Arctic weather conditions in the U.S. unsettled Composite Insurances. All lost ground before regaining ground following revived American demand for Eagle Star, which retrieved an early loss of 6 to close that much higher on balance at 714. Phoenix shed 11 to 377 and Commercial Union 5 to 183, but Royal ended only 5 down at 483, after 453p, and GRE a net 2 easier at 519. General Accident rallied from 452p to finish 4 in over on the session at 456p.

Noteworthy movements in Buildings were again confined to secondary issues. Scattered support left Marchwell 4 dearer at 194p and J. A. 5 firmer at 230p, the latter in a buoyant market. On the other hand, Newhall slipped to 370p before closing a net 5 off at 375p, while Taurus offered a couple of pence to a low for the year of 198p. Crouch Group, a shade firmer initially on the deal with Federated Housing, drifted back again to close 2 cheaper on balance at 1983 low of 60p.

Reports on increased competition in the pharmaceutical industry and exchange rate influences combined to leave ICI 6 lower at 64p. Amersham International eased 3 to 202p, but Laporte found fresh support and added 4 to a high for the year of 34p.

Strong and Fisher up

Leading Stores continued to drift lower following a subdued start to the traditional post-Christmas London sales. Marks and Spencer eased 4 at 215p, while similar losses were noted for Comet, 5 off at 305p, and Glaxo 4 lower at 615p. By way of contrast, higher support was evident for MFI, 3 dearer at 159p, and for Waring and Gillow, 5 up at 95p. Executec Clothes, a recent speculative high-flyer, reacted on end-of-account profit-taking and shed 5 to 45p.

Shoes again featured Strong and Fisher, which added 8 for a two-day gain of 11 at 95p. Falls were well in the majority among Electricals as end-of-account influences came into play. Arlen dipped 12 to 165p, while revived selling left HES Electronic 7 cheaper at 98p. Occasional offerings left Crystalite 5 lower at 202p. Further 200m of 3 per cent Treasury 1986 and £200m of 3 per cent Treasury 1987 made little impact on late sentiment and closing falls of were still commonplace.

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while Johnson and Firth Brown closed similarly dearer at 71p. Elsewhere, Matthew Hall gained 8 to 225p, but Messing Holdings, the subject of a New Year recommendation, came back a few pence on profit-taking to 87p.

Foods displayed irregular movements. Dee Corporation continued to respond to the New Year recommendation and added 3 for a two-day gain of 37 to 425p, while revived support left William Low 4 dearer at 318p. Buncher's Holdings added 5 to 147p, but Taverne Rudge, a rising market recently on takeover hopes, came back sharply on the withdrawal of speculative support to close a net 8 down at 44p.

Pharmaceuticals easier

Pharmaceutical issues went lower on an FT article about a potential supply and demand speculation of another surge in London auction prices, prompted some heavy gains among Plantations. Easterns closed 21 better at 173p, while Smith Darby, 61p, and James Finlay, 129p, both added 5. Walter Duncan and Goodridge rose 15 at 640p, while Lawrie added 20 to a 1983 peak of 710p. Rubbers again featured Consolidated Plantations, which hardened a couple of pence more to 106p with the Warrants 5 up at 519p.

Aussie oils strong

The traditionally active sectors of mining markets - South African Gold and Australian Diamonds - tended to tick over during a relatively quiet day while interest in the natural resources sector was centred on Australian oil stocks.

Strong speculative interest was directed towards many of the "Down-under" oil issues amid rumours of an imminent drilling report from the Tintaburra 1 oil field and the Cooper Basin.

Talk of a possible oil flow of around 1,750 barrels a day encouraged heavy overnight demand in Sydney and Melbourne and prompted equally significant demand in London for the participants which include a number of exploration minnows.

Among this group, Petroleum Securities jumped 20 to 130p, Hartog Energy 12 to 172p, Petro-Energy and Pancontinental Petroleum 5 apiece, to 20p and 20p respectively, and Lennard Oil 3 to 17p. Home Energy rose 31 to 31p while Lennard associate Monarch Petroleum put on 14 to 101p and Magnet Metals 10 to 61p. Other Australian oil speculative to improve included Felsart, which hardened to 101p, and Swan Resources, a penny to the good at 21p.

South African Golds felt the trend in bullion prices overnight American markets, but staged a minor rally in the afternoon as the metal price advanced to \$330. However, the initial selling pressure prevailed and the Gold Mines index showed a 13.1 loss at 580.9. Bullion closed a net 4.25 firmer at \$322.12 an ounce.

Financials were little changed but South African antimony/gold producer Consolidated Marchbanks remained a weak market on profit-taking and dropped 50 more to 725p.

Demand for Traded Options increased slightly and 1,094 contracts were transacted, comprising 796 calls and 298 puts. Commercial Unions attracted 164 calls and 15 puts with the January 2000 puts the better at 21p. Oils featured Lascos which recorded 160 calls, the February 280's rising 6 to 24p and the 300's 3 to 10p.

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 21	Dec. 20	Dec. 19
Government Secs.....	83.15	83.67	83.15	86.14	82.93	82.70	91.78
Fixed Interest.....	66.29	66.36	66.83	68.21	66.63	66.96	66.16
Industrial Org.....	772.5	776.8	773.0	776.2	772.0	768.2	863.8
Gold Mines.....	580.9	584.0	589.4	679.5	680.1	670.1	589.2
Ord. Inv. Yield.....	4.69	4.58	4.58	4.66	4.59	4.59	3.67
Earnings Yield.....	9.38	9.26	9.56	9.28	9.35	9.37	10.92
P/E Ratio (incl. P.....)	12.99	13.03	13.06	13.14	16.66	13.03	10.96
Total bargain.....	14,487	19,804	10,612	16,420	20,013	19,120	14,758
Equity turnover 3m.....	-	-	-	-	-	-	-
Equity turnover 6m.....	-	-	-	-	-	-	-
Equity bargains.....	-	-	-	-	-	-	-
Shares traded (mil.).....	-	-	-	-	-	-	-

FOOD, GROCERIES—Contd.

137	1367	Galloway R. 200	119	1	1	1	1
138	1368	Southland C. 1	120	1	1	1	1
139	1369	Cominto 100	121	1	1	1	1
140	1370	Eastern Penn 200	122	1	1	1	1
141	1371	Somerset 100	123	1	1	1	1
142	1372	Seward 100	124	1	1	1	1
143	1373	2nd & Erie E. 100	125	1	1	1	1
144	1374	2nd & Erie E. 100	126	1	1	1	1
145	1375	2nd & Erie E. 100	127	1	1	1	1
146	1376	2nd & Erie E. 100	128	1	1	1	1
147	1377	2nd & Erie E. 100	129	1	1	1	1
148	1378	2nd & Erie E. 100	130	1	1	1	1
149	1379	2nd & Erie E. 100	131	1	1	1	1
150	1380	2nd & Erie E. 100	132	1	1	1	1
151	1381	2nd & Erie E. 100	133	1	1	1	1
152	1382	2nd & Erie E. 100	134	1	1	1	1
153	1383	2nd & Erie E. 100	135	1	1	1	1
154	1384	2nd & Erie E. 100	136	1	1	1	1
155	1385	2nd & Erie E. 100	137	1	1	1	1
156	1386	2nd & Erie E. 100	138	1	1	1	1
157	1387	2nd & Erie E. 100	139	1	1	1	1
158	1388	2nd & Erie E. 100	140	1	1	1	1
159	1389	2nd & Erie E. 100	141	1	1	1	1
160	1390	2nd & Erie E. 100	142	1	1	1	1
161	1391	2nd & Erie E. 100	143	1	1	1	1
162	1392	2nd & Erie E. 100	144	1	1	1	1
163	1393	2nd & Erie E. 100	145	1	1	1	1
164	1394	2nd & Erie E. 100	146	1	1	1	1
165	1395	2nd & Erie E. 100	147	1	1	1	1
166	1396	2nd & Erie E. 100	148	1	1	1	1
167	1397	2nd & Erie E. 100	149	1	1	1	1
168	1398	2nd & Erie E. 100	150	1	1	1	1
169	1399	2nd & Erie E. 100	151	1	1	1	1
170	1400	2nd & Erie E. 100	152	1	1	1	1
171	1401	2nd & Erie E. 100	153	1	1	1	1
172	1402	2nd & Erie E. 100	154	1	1	1	1
173	1403	2nd & Erie E. 100	155	1	1	1	1
174	1404	2nd & Erie E. 100	156	1	1	1	1
175	1405	2nd & Erie E. 100	157	1	1	1	1
176	1406	2nd & Erie E. 100	158	1	1	1	1
177	1407	2nd & Erie E. 100	159	1	1	1	1
178	1408	2nd & Erie E. 100	160	1	1	1	1
179	1409	2nd & Erie E. 100	161	1	1	1	1
180	1410	2nd & Erie E. 100	162	1	1	1	1
181	1411	2nd & Erie E. 100	163	1	1	1	1
182	1412	2nd & Erie E. 100	164	1	1	1	1
183	1413	2nd & Erie E. 100	165	1	1	1	1
184	1414	2nd & Erie E. 100	166	1	1	1	1
185	1415	2nd & Erie E. 100	167	1	1	1	1
186	1416	2nd & Erie E. 100	168	1	1	1	1
187	1417	2nd & Erie E. 100	169	1	1	1	

160	Ladbroke 10c.	204	28.5	1.4	5
170	Chatterbox 10c	180	5.5	3.2	2
28	Mt. Charlotte 10c	504	11.02	2.4	0
27	Worlton Cap Sp.	38	0.2	2	0
58	Prince of Wales	122	92.35	3.6	2
30	Queen's Mast Sp.	39	11.73	1.8	4
£129	(In 10c) 80-91	(£147)	610.4	50	7
145	Rowston Hotels.	172	7.6	0.7	5
41	Ryan Hotels.	82	...	...	...
240	Savoy "A" 10c.	292	1.4	2.6	0
63	Stables 10c.	88	2.0	0.9	3
61	Stones 10c.	71	92.50	5	2
150	7ruthstone Fort.	188	+1	1.6	5
275	Wheeler's 10c	450	17.0	1.2	1

INDUSTRIALS (Misc.)				
65	A.A.A.	111	5.62	2.4
25	AGA AS KSO	131	1.8	1.7
255	AG Research 10p	15	1.5	3.1
48	AIM 10p	83	70.75	0.4
130	Alaronic Group	332	62.2	2.2
38	American Res. 10p	45	71.2	1.2
78	Albany Ltd.	76	63.5	2.7
215	American Indus.	40	1.8	2.7
14	Amco & Son	399	4.5	3.6
73	Acro Needles	37		
521	Asiatic Indus.	75	+2	
34	Asiatic Indus. 10p	123	101.5	2.3
25	Amber Ind. 10p	94	3.5	3.5
25	Anglo Pacific	165		
25	Anglo Pacific	165	1.12	4.1
25	Anglo Pacific	165	1.3	4.0
25	Anglo Pacific	165	1.3	4.0

15	Aremson (A) 10c	23			
17	Almar's Trust 10c	24		0.17	7.1
18	Achley Ind. Tst.	22		23.53	6.1
26	Am. Bm. Eng. 20c	17	+1	10.65	6.1
129	Assoc. Bk. Poria	21		267.0	
130	Assoc. Bk. Poria	21		267.0	
131	Assoc. Telecom.	90d	-1	4.02	19.1
132	Asst. & Mckay 20c	18		15.0	2.0
117	Atwood's	132d		3.5	2.0
88	Avon Rubber E.	138	-2	3.0	3
24	BBA Group	35	-1	1.74	3
163	B.E.T. Corp.	263	-5	710.0	17
164	B.C. Devel.	263	-5	710.0	17
129	B.C. Devel.	263	-5	710.0	17
252	B.T.R.	430	+2	16.0	2.2
227	B.W.D. 20c	49		102.24	2.2
227	Baird (Wm.)	293	-2	115.05	2.0
	Bardsey 10c	180		0.1	

10	38	Bargel	37	22	0.6	0.6
11	38	Barrow Webster	37	2.3	2.0	2.0
12	38	Bartlett	37	2.0	2.0	2.0
13	38	Bartlett	37	2.0	2.0	2.0
14	38	Bartlett	37	2.0	2.0	2.0
15	38	Bartlett	37	2.0	2.0	2.0
16	38	Bartlett	37	2.0	2.0	2.0
17	38	Bartlett	37	2.0	2.0	2.0
18	38	Bartlett	37	2.0	2.0	2.0
19	38	Bartlett	37	2.0	2.0	2.0
20	38	Bartlett	37	2.0	2.0	2.0
21	38	Bartlett	37	2.0	2.0	2.0
22	38	Bartlett	37	2.0	2.0	2.0
23	38	Bartlett	37	2.0	2.0	2.0
24	38	Bartlett	37	2.0	2.0	2.0
25	38	Bartlett	37	2.0	2.0	2.0
26	38	Bartlett	37	2.0	2.0	2.0
27	38	Bartlett	37	2.0	2.0	2.0
28	38	Bartlett	37	2.0	2.0	2.0
29	38	Bartlett	37	2.0	2.0	2.0
30	38	Bartlett	37	2.0	2.0	2.0
31	38	Bartlett	37	2.0	2.0	2.0
32	38	Bartlett	37	2.0	2.0	2.0
33	38	Bartlett	37	2.0	2.0	2.0
34	38	Bartlett	37	2.0	2.0	2.0
35	38	Bartlett	37	2.0	2.0	2.0
36	38	Bartlett	37	2.0	2.0	2.0
37	38	Bartlett	37	2.0	2.0	2.0
38	38	Bartlett	37	2.0	2.0	2.0
39	38	Bartlett	37	2.0	2.0	2.0
40	38	Bartlett	37	2.0	2.0	2.0
41	38	Bartlett	37	2.0	2.0	2.0
42	38	Bartlett	37	2.0	2.0	2.0
43	38	Bartlett	37	2.0	2.0	2.0
44	38	Bartlett	37	2.0	2.0	2.0
45	38	Bartlett	37	2.0	2.0	2.0
46	38	Bartlett	37	2.0	2.0	2.0
47	38	Bartlett	37	2.0	2.0	2.0
48	38	Bartlett	37	2.0	2.0	2.0
49	38	Bartlett	37	2.0	2.0	2.0
50	38	Bartlett	37	2.0	2.0	2.0
51	38	Bartlett	37	2.0	2.0	2.0
52	38	Bartlett	37	2.0	2.0	2.0
53	38	Bartlett	37	2.0	2.0	2.0
54	38	Bartlett	37	2.0	2.0	2.0
55	38	Bartlett	37	2.0	2.0	2.0
56	38	Bartlett	37	2.0	2.0	2.0
57	38	Bartlett	37	2.0	2.0	2.0
58	38	Bartlett	37	2.0	2.0	2.0
59	38	Bartlett	37	2.0	2.0	2.0
60	38	Bartlett	37	2.0	2.0	2.0
61	38	Bartlett	37	2.0	2.0	2.0
62	38	Bartlett	37	2.0	2.0	2.0
63	38	Bartlett	37	2.0	2.0	2.0
64	38	Bartlett	37	2.0	2.0	2.0
65	38	Bartlett	37	2.0	2.0	2.0
66	38	Bartlett	37	2.0	2.0	2.0
67	38	Bartlett	37	2.0	2.0	2.0
68	38	Bartlett	37	2.0	2.0	2.0
69	38	Bartlett	37	2.0	2.0	2.0
70	38	Bartlett	37	2.0	2.0	2.0
71	38	Bartlett	37	2.0	2.0	2.0

113	Shundell Perms.	121	...	0.5	3.4	7
34	Gaslight Incl.	54	...	1.5	2.2	9
9	Regal Pet. #10p.	86	...	0.4	3.4	5
250	Boomer M.C.	30	+1.	0.7	2.3	23
110	Boo (Heavy) 50p	275	...	1.4	1.4	7
120	Boo	280	-4	1.4	1.4	22
120	Boo-W. J552-32	227.4	...	0.50	7.6	1
120	Bowling C.	163	...	1.5	4.5	4
56	Bowling C.	163	+2	5.9	1.9	5.5
56	Bregness 10p	82m	...	4.0	3.7	3
26	Bregness Proc. 10p	38	-1	...	...	...
26	Brisson	72	+2	...	5.0	2.7
40	Brown-C 20p.	74m	...	3.23	...	6
170	Bull. Aeneas 50p	228	-2	1.45	5.45	5
66	BW & EA	112	...	1.7	5.2	2
136	Bre. Synlon 20p	35.2	+1.2	0.5	...	...
248	Brit. Vm 50p	102	...	15.4	...	2.2
248	Brit. Vm 50p	102	...	15.4	...	2.2

41	Brook St. Br. 10p	37	7	-1	0.1	0.	0.
41	Brown Iron, Kent	37	7	...	12.0	4.2	2.4
102	Brumote (Muss.)	123	20	...	10.5	1.1	0.2
18	Burco Dean	22	3	...	0.1	0.	0.
64	Burnside 15c	4	...	...	...	...	...
28	Burns, And's 10p	35	7	...	2.2	...	...
70	Hessons Com Rip	38	7	...	0.0	0.7	2.8
23	C. H. And's, 10p	38	7	...	0.3	0.5	2.8
47	Canby 10p	258	46	...	11.5	2.3	3.2
47	Canning (W.)	31	5	...	17.5	2.4	3.3
22	Capary 10p	31	5	...	12.5	2.3	5.5
97	Cast. 10p	103	18	...	5.6	...	...
69	Cape Industries	118	20	...	5.6	2.1	6.4
110	Carlton 10p	155	25	...	7.5	2.9	3.2
20	Celestion 20p	22	3	...	13.0	6.5	6.5
71	Cent. Sheetm. 5p	10	1	...	0.3	...	...
21	Chas. H. 10p	53	9	...	0.3	...	...
41	Chas. H. 10p	53	9	...	1.7	...	...

[illegible][illegible]

23	Davis Spring	10p	28	0.3	4.9	1.1
24	Day Spring	10p	34	0.3	4.2	1.2
25	Deer Creek	10p	40	0.3	4.2	1.2
26	Deer Creek	10p	450	0.3	22.0	3.8
27	Deer Creek	10p	450	0.3	22.0	3.8
28	Deer Creek	10p	450	0.3	22.0	3.8
29	Deer Creek	10p	450	0.3	22.0	3.8
30	Deer Creek	10p	450	0.3	22.0	3.8
31	Deer Creek	10p	450	0.3	22.0	3.8
32	Deer Creek	10p	450	0.3	22.0	3.8
33	Deer Creek	10p	450	0.3	22.0	3.8
34	Deer Creek	10p	450	0.3	22.0	3.8
35	Deer Creek	10p	450	0.3	22.0	3.8
36	Deer Creek	10p	450	0.3	22.0	3.8
37	Deer Creek	10p	450	0.3	22.0	3.8
38	Deer Creek	10p	450	0.3	22.0	3.8
39	Deer Creek	10p	450	0.3	22.0	3.8
40	Deer Creek	10p	450	0.3	22.0	3.8
41	Deer Creek	10p	450	0.3	22.0	3.8
42	Deer Creek	10p	450	0.3	22.0	3.8
43	Deer Creek	10p	450	0.3	22.0	3.8
44	Deer Creek	10p	450	0.3	22.0	3.8
45	Deer Creek	10p	450	0.3	22.0	3.8
46	Deer Creek	10p	450	0.3	22.0	3.8
47	Deer Creek	10p	450	0.3	22.0	3.8
48	Deer Creek	10p	450	0.3	22.0	3.8
49	Deer Creek	10p	450	0.3	22.0	3.8
50	Deer Creek	10p	450	0.3	22.0	3.8
51	Deer Creek	10p	450	0.3	22.0	3.8
52	Deer Creek	10p	450	0.3	22.0	3.8
53	Deer Creek	10p	450	0.3	22.0	3.8
54	Deer Creek	10p	450	0.3	22.0	3.8
55	Deer Creek	10p	450	0.3	22.0	3.8
56	Deer Creek	10p	450	0.3	22.0	3.8
57	Deer Creek	10p	450	0.3	22.0	3.8
58	Deer Creek	10p	450	0.3	22.0	3.8
59	Deer Creek	10p	450	0.3	22.0	3.8
60	Deer Creek	10p	450	0.3	22.0	3.8
61	Deer Creek	10p	450	0.3	22.0	3.8
62	Deer Creek	10p	450	0.3	22.0	3.8
63	Deer Creek	10p	450	0.3	22.0	3.8
64	Deer Creek	10p	450	0.3	22.0	3.8
65	Deer Creek	10p	450	0.3	22.0	3.8
66	Deer Creek	10p	450	0.3	22.0	3.8
67	Deer Creek	10p	450	0.3	22.0	3.8
68	Deer Creek	10p	450	0.3	22.0	3.8
69	Deer Creek	10p	450	0.3	22.0	3.8
70	Deer Creek	10p	450	0.3	22.0	3.8
71	Deer Creek	10p	450	0.3	22.0	3.8
72	Deer Creek	10p	450	0.3	22.0	3.8
73	Deer Creek	10p	450	0.3	22.0	3.8
74	Deer Creek	10p	450	0.3	22.0	3.8
75	Deer Creek	10p	450	0.3	22.0	3.8
76	Deer Creek	10p	450	0.3	22.0	3.8
77	Deer Creek	10p	450	0.3	22.0	3.8
78	Deer Creek	10p	450	0.3	22.0	3.8
79	Deer Creek	10p	450	0.3	22.0	3.8
80	Deer Creek	10p	450	0.3	22.0	3.8
81	Deer Creek	10p	450	0.3	22.0	3.8
82	Deer Creek	10p	450	0.3	22.0	3.8
83	Deer Creek	10p	450	0.3	22.0	3.8
84	Deer Creek	10p	450	0.3	22.0	3.8
85	Deer Creek	10p	450	0.3	22.0	3.8
86	Deer Creek	10p	450	0.3	22.0	3.8
87	Deer Creek	10p	450	0.3	22.0	3.8
88	Deer Creek	10p	450	0.3	22.0	3.8
89	Deer Creek	10p	450	0.3	22.0	3.8
90	Deer Creek	10p	450	0.3	22.0	3.8
91	Deer Creek	10p	450	0.3	22.0	3.8
92	Deer Creek	10p	450	0.3	22.0	3.8
93	Deer Creek	10p	450	0.3	22.0	3.8
94	Deer Creek	10p	450	0.3	22.0	3.8
95	Deer Creek	10p	450	0.3	22.0	3.8
96	Deer Creek	10p	450	0.3	22.0	3.8
97	Deer Creek	10p	450	0.3	22.0	3.8
98	Deer Creek	10p	450	0.3	22.0	3.8
99	Deer Creek	10p	450	0.3	22.0	3.8
100	Deer Creek	10p	450	0.3	22.0	3.8

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111	Fosco M Missp.	147	-1	7.0	0.9
105	Fatherland Hwy	147	-1	6.0	1.0
24	Francis Inns	79	+5	12.5	1.5
105	French Thos. 10p	25		25.0	4.5
109	Freidland and Co	160		+5.6	2.8
105	G. R. (Hoge)	210		7.0	2.9
26	Gale	60		83.32	
635	Gleues Gr. 20p	92		83.5	3.6
47	Gloss Slip	715	-3	9.0	2.6
19	Gomme Hids.	22	-1	5	
47	Grampan Hill	84	-1	4	7.7
144	Granada A.	169	-2	5.5	82.2
112	Grassmoss 10p	135		4.65	4.6
101	Greenwell Gr. Sp	12	+1		
77	Hafnia 10p	148		thd 31	3.4
127	Hanson Inc	137		12.85	3.4
177	Hanson Inc	137		12.85	3.4
2178	H. H. H. 20p	1222		10.9	10.4

60	Marguerite 200	172	4.0	2.0	7.2	1.0	1.0
68	Narra (Ph) 200	198	6.75	1.1	9.9	1.0	1.0
69	*Marlene 50	307	22.25	1.0	1.1	1.0	1.0
74	Henry & Thomas 20	73	7.5	1.5	2.3	2.0	2.0
76	Hawley Grp 121 g	83	-3	g1.28	2.0	2.0	2.0
52	Naewen 50	146	—	—	—	—	—
47	Hay (Herman) 10p	57	3.1	1.9	7.4	1.0	1.0
125	*Hay 125	125	10.5	1.8	12.3	1.0	1.0
714	Ngapouro Crm.	136	75.6	1.6	6.6	1.0	1.0
72	Heslar	46	—	—	23.25	2.0	2.0
76	Heslar (J) 135	135	-2	12.4	3.8	3.8	3.8
72	Heslar (J) 135	135	-2	12.4	3.8	3.8	3.8
	For Hill (Chap)	8	—	—	—	—	—
22	Hollis Bros. 21g	37	—	—	—	—	—
105	Holl Lays lat. 10p	57	3.1	0.4	7.4	1.0	1.0
105	Hopew: 'A'	292	+	—	—	—	—
108	Hopew: 'H' 20p	124	76.0	1.0	4.4	1.0	1.0

158	Hunting Assoc.	170		M6.0	3.4	5.2
63	Whitcomb H&C	133	+1	R04SE	46	11.0
13	Hyman (C) & J	164	+2	0 1 -	—	—
124	(C) Industrial	130		0822	—	—
34	Insall Inc. 10p	62	-2	3.00	1.9	7.4
50	Intel	412		112.75	2.2	4.4
158	Inter-City 20p	235	-3	—	4.2	2.9
165	Johnson, Yeon	225		9.0	1.1	12.1
19	James Inds. 10p	161		71.25	1.3	13.5
61	Wardrobe of H&C	32	+1	0080:	2.1	7.7
282	Jenkins & Curren	52	+2	11.06	0.5	1.5
198	Johnson-Glenn	397		110.8	2.8	5.5
	Johnson Mfg. Co	258	-3	100	1.8	5.3

Separate company insets are also available in our international edition as well as our London edition and if you should require any further information on the above, please contact your usual Financial Times representative

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OIL AND GAS—Continued

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8	212	Independent Inv. .	278	-2	05	185
7	300	Inv. in Success -	417	..	15 10	17
6	734	Investors' Cap	184		3 35	10

25	Impresario's	134	134	1	2
31	Jazz	184	184	1	2
34	Jeanne's	184	184	1	2
35	Jeanne's	184	184	1	2
36	Jeanne's	184	184	1	2
37	Jeanne's	184	184	1	2
38	Jeanne's	184	184	1	2
39	Jeanne's	184	184	1	2
40	Jeanne's	184	184	1	2
41	Jeanne's	184	184	1	2
42	Jeanne's	184	184	1	2
43	Jeanne's	184	184	1	2
44	Jeanne's	184	184	1	2
45	Jeanne's	184	184	1	2
46	Jeanne's	184	184	1	2
47	Jeanne's	184	184	1	2
48	Jeanne's	184	184	1	2
49	Jeanne's	184	184	1	2
50	Jeanne's	184	184	1	2
51	Jeanne's	184	184	1	2
52	Jeanne's	184	184	1	2
53	Jeanne's	184	184	1	2
54	Jeanne's	184	184	1	2
55	Jeanne's	184	184	1	2
56	Jeanne's	184	184	1	2
57	Jeanne's	184	184	1	2
58	Jeanne's	184	184	1	2
59	Jeanne's	184	184	1	2
60	Jeanne's	184	184	1	2
61	Jeanne's	184	184	1	2
62	Jeanne's	184	184	1	2
63	Jeanne's	184	184	1	2
64	Jeanne's	184	184	1	2
65	Jeanne's	184	184	1	2
66	Jeanne's	184	184	1	2
67	Jeanne's	184	184	1	2
68	Jeanne's	184	184	1	2
69	Jeanne's	184	184	1	2
70	Jeanne's	184	184	1	2
71	Jeanne's	184	184	1	2
72	Jeanne's	184	184	1	2
73	Jeanne's	184	184	1	2
74	Jeanne's	184	184	1	2
75	Jeanne's	184	184	1	2
76	Jeanne's	184	184	1	2
77	Jeanne's	184	184	1	2
78	Jeanne's	184	184	1	2
79	Jeanne's	184	184	1	2
80	Jeanne's	184	184	1	2
81	Jeanne's	184	184	1	2
82	Jeanne's	184	184	1	2
83	Jeanne's	184	184	1	2
84	Jeanne's	184	184	1	2
85	Jeanne's	184	184	1	2
86	Jeanne's	184	184	1	2
87	Jeanne's	184	184	1	2
88	Jeanne's	184	184	1	2
89	Jeanne's	184	184	1	2
90	Jeanne's	184	184	1	2
91	Jeanne's	184	184	1	2
92	Jeanne's	184	184	1	2
93	Jeanne's	184	184	1	2
94	Jeanne's	184	184	1	2
95	Jeanne's	184	184	1	2
96	Jeanne's	184	184	1	2
97	Jeanne's	184	184	1	2
98	Jeanne's	184	184	1	2
99	Jeanne's	184	184	1	2
100	Jeanne's	184	184	1	2

23 1/2	New Thryg (1983) Inc.	34	...	12.2	1.0
20	Dp. Cap. £1	25	+1	=	=

238	Do. Cap. 111	25	—	—	—	—	—	—	—
239	Do. 112	25	—	—	—	—	—	—	—
240	New Tokyo Int. 50p	125	—	—	—	—	—	—	—
115	129 Invest.	125	—	—	—	—	—	—	—
142	130 Atlantic Sec.	125	—	—	—	—	—	—	—
138	131 Can. Nat.	138	—	—	—	—	—	—	—
132	132 Bk. of Ont.	138	—	—	—	—	—	—	—
136	133 N. Amer. Sec. Acctn 50p	125	—	—	—	—	—	—	—
137	134 N. Amer. Sec. Acctn 50p	125	—	—	—	—	—	—	—
262	135 Northern Sec.	137	—	—	—	—	—	—	—
263	136 Northern Sec.	137	—	—	—	—	—	—	—
76	137 Outcham Inc.	96	—	—	—	—	—	—	—
31	138 Power Bonds Trs. 100	100	—	—	—	—	—	—	—
186	139 Pacific Mktg. Trs.	243	—	—	—	—	—	—	—
186	140 Pacific Mktg. Trs.	243	—	—	—	—	—	—	—
132	141 River & Merc.	104	—	—	—	—	—	—	—
132	142 River & Merc.	104	—	—	—	—	—	—	—
537	143 Three Falls Pulp 150	163	—	—	—	—	—	—	—
537	144 Do. Sub. S's P15	163	—	—	—	—	—	—	—
540	145 Do. Sub. S's P15	163	—	—	—	—	—	—	—
540	146 Do. Sub. S's P15	163	—	—	—	—	—	—	—
145	147 Stoney Trs. 100	196	—	—	—	—	—	—	—
145	148 Stoney Trs. 100	196	—	—	—	—	—	—	—
145	149 Rosewood Inc.	220	—	—	—	—	—	—	—
145	150 Rosewood Inc.	220	—	—	—	—	—	—	—
115	151 Safegard Ind.	155	—	—	—	—	—	—	—
115	152 Safegard Ind.	155	—	—	—	—	—	—	—
276	153 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	154 Scot. Am. Trs. 50p	229	—	—	—	—	—	—	—
276	155 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	156 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	157 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	158 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	159 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	160 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	161 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	162 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	163 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	164 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	165 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	166 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	167 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	168 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	169 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	170 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	171 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	172 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	173 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	174 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	175 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	176 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	177 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	178 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	179 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	180 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	181 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	182 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	183 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	184 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	185 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	186 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	187 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	188 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	189 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	190 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	191 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	192 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	193 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	194 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	195 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	196 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	197 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	198 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	199 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	200 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	201 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	202 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	203 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	204 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	205 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	206 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	207 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	208 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	209 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	210 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	211 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	212 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	213 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	214 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	215 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	216 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	217 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	218 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	219 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	220 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	221 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	222 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	223 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	224 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	225 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	226 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	227 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	228 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	229 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	230 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	231 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	232 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	233 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	234 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	235 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	236 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	237 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	238 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	239 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	240 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	241 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	242 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	243 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	244 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	245 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	246 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	247 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	248 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	249 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	250 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	251 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	252 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	253 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	254 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	255 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	256 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	257 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	258 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	259 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	260 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	261 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	262 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	263 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	264 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	265 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	266 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	267 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	268 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	269 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	270 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	271 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	272 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	273 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	274 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	275 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	276 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	277 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	278 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	279 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	280 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	281 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	282 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	283 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	284 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	285 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	286 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	287 Scot. Am. Trs.	229	—	—	—	—	—	—	—
276	288 Scot. Am. Trs.	229	—	—	—	—	—	—	—

332	TR City of London Isl.	59	6.7	1.1
B4	TR Ind. & General	122	5.15	1.1
H66	TR Natural Resources	214	7.5	1.1

[illegible]

31	Energy Fin. 10p.	32	1.31	26	5.9
61	De Sp's 10p 45-200	171	08	6	111

151	Shelby Co. 1930	177	20	61.1	1.0
152	Shelby Co. 1930	177	20	61.1	1.0
153	Shelby Co. 1930	177	20	61.1	1.0
154	Shelby Co. 1930	177	20	61.1	1.0
155	Shelby Co. 1930	177	20	61.1	1.0
156	Shelby Co. 1930	177	20	61.1	1.0
157	Shelby Co. 1930	177	20	61.1	1.0
158	Shelby Co. 1930	177	20	61.1	1.0
159	Shelby Co. 1930	177	20	61.1	1.0
160	Shelby Co. 1930	177	20	61.1	1.0
161	Shelby Co. 1930	177	20	61.1	1.0
162	Shelby Co. 1930	177	20	61.1	1.0
163	Shelby Co. 1930	177	20	61.1	1.0
164	Shelby Co. 1930	177	20	61.1	1.0
165	Shelby Co. 1930	177	20	61.1	1.0
166	Shelby Co. 1930	177	20	61.1	1.0
167	Shelby Co. 1930	177	20	61.1	1.0
168	Shelby Co. 1930	177	20	61.1	1.0
169	Shelby Co. 1930	177	20	61.1	1.0
170	Shelby Co. 1930	177	20	61.1	1.0
171	Shelby Co. 1930	177	20	61.1	1.0
172	Shelby Co. 1930	177	20	61.1	1.0
173	Shelby Co. 1930	177	20	61.1	1.0
174	Shelby Co. 1930	177	20	61.1	1.0
175	Shelby Co. 1930	177	20	61.1	1.0
176	Shelby Co. 1930	177	20	61.1	1.0
177	Shelby Co. 1930	177	20	61.1	1.0
178	Shelby Co. 1930	177	20	61.1	1.0
179	Shelby Co. 1930	177	20	61.1	1.0
180	Shelby Co. 1930	177	20	61.1	1.0
181	Shelby Co. 1930	177	20	61.1	1.0
182	Shelby Co. 1930	177	20	61.1	1.0
183	Shelby Co. 1930	177	20	61.1	1.0
184	Shelby Co. 1930	177	20	61.1	1.0
185	Shelby Co. 1930	177	20	61.1	1.0
186	Shelby Co. 1930	177	20	61.1	1.0
187	Shelby Co. 1930	177	20	61.1	1.0
188	Shelby Co. 1930	177	20	61.1	1.0
189	Shelby Co. 1930	177	20	61.1	1.0
190	Shelby Co. 1930	177	20	61.1	1.0
191	Shelby Co. 1930	177	20	61.1	1.0
192	Shelby Co. 1930	177	20	61.1	1.0
193	Shelby Co. 1930	177	20	61.1	1.0
194	Shelby Co. 1930	177	20	61.1	1.0
195	Shelby Co. 1930	177	20	61.1	1.0
196	Shelby Co. 1930	177	20	61.1	1.0
197	Shelby Co. 1930	177	20	61.1	1.0
198	Shelby Co. 1930	177	20	61.1	1.0
199	Shelby Co. 1930	177	20	61.1	1.0
200	Shelby Co. 1930	177	20	61.1	1.0

80	Yule Gatto 10p.	182	...	30	36	24	13
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[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are at price and denominations are 25p. Estimated price-earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E's are calculated on "net" distributions basis, earnings per share being computed on profit after taxation and interest. AGT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "gross" distribution. Covers are based on "minimum" distribution; they compare gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable

NOTES

Unless otherwise indicated, prices and net dividends are at price and denominations are 25p. Estimated price-earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E's are calculated on "net" distributions basis, earnings per share being computed on profit after taxation and interest. AGT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "gross" distribution. Covers are based on "minimum" distribution; they compare gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable

* Same item: reduced full and/or reduced earnings indicated.
 * Foremost dividend: cover on earnings, updated by latest interim statement.
 * $\frac{1}{2}$ cover: allows for conversion of shares not now asking for dividends, or raising only low restricted dividend.
 * Cover does not allow for shares which may ask for dividend at a future date. No P/E ratio usually provided.
 * $\frac{1}{2}$ or less: no war.
 * B.F. Belgian franc, Fr. French franc, $\frac{1}{2}$ Yrds based on 1960-61, 1961-62, 1962-63, 1963-64, 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, 1969-70, 1970-71, 1971-72, 1972-73, 1973-74, 1974-75, 1975-76, 1976-77, 1977-78, 1978-79, 1979-80, 1980-81, 1981-82, 1982-83, 1983-84, 1984-85, 1985-86, 1986-87, 1987-88, 1988-89, 1989-90, 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 2029-30, 2030-31, 2031-32, 2032-33, 2033-34, 2034-35, 2035-36, 2036-37, 2037-38, 2038-39, 2039-40, 2040-41, 2041-42, 2042-43, 2043-44, 2044-45, 2045-46, 2046-47, 2047-48, 2048-49, 2049-50, 2050-51, 2051-52, 2052-53, 2053-54, 2054-55, 2055-56, 2056-57, 2057-58, 2058-59, 2059-60, 2060-61, 2061-62, 2062-63, 2063-64, 2064-65, 2065-66, 2066-67, 2067-68, 2068-69, 2069-70, 2070-71, 2071-72, 2072-73, 2073-74, 2074-75, 2075-76, 2076-77, 2077-78, 2078-79, 2079-80, 2080-81, 2081-82, 2082-83, 2083-84, 2084-85, 2085-86, 2086-87, 2087-88, 2088-89, 2089-90, 2090-91, 2091-92, 2092-93, 2093-94, 2094-95, 2095-96, 2096-97, 2097-98, 2098-99, 2099-00, 2100-01, 2101-02, 2102-03, 2103-04, 2104-05, 2105-06, 2106-07, 2107-08, 2108-09, 2109-10, 2110-11, 2111-12, 2112-13, 2113-14, 2114-15, 2115-16, 2116-17, 2117-18, 2118-19, 2119-20, 2120-21, 2121-22, 2122-23, 2123-24, 2124-25, 2125-26, 2126-27, 2127-28, 2128-29, 2129-30, 2130-31, 2131-32, 2132-33, 2133-34, 2134-35, 2135-36, 2136-37, 2137-38, 2138-39, 2139-40, 2140-41, 2141-42, 2142-43, 2143-44, 2144-45, 2145-46, 2146-47, 2147-48, 2148-49, 2149-50, 2150-51, 2151-52, 2152-53, 2153-54, 2154-55, 2155-56, 2156-57, 2157-58, 2158-59, 2159-60, 2160-61, 2161-62, 2162-63, 2163-64, 2164-65, 2165-66, 2166-67, 2167-68, 2168-69, 2169-70, 2170-71, 2171-72, 2172-73, 2173-74, 2174-75, 2175-76, 2176-77, 2177-78, 2178-79, 2179-80, 2180-81, 2181-82, 2182-83, 2183-84, 2184-85, 2185-86, 2186-87, 2187-88, 2188-89, 2189-90, 2190-91, 2191-92, 2192-93, 2193-94, 2194-95, 2195-96, 2196-97, 2197-98, 2198-99, 2199-00, 2200-01, 2201-02, 2202-03, 2203-04, 2204-05, 2205-06, 2206-07, 2207-08, 2208-09, 2209-10, 2210-11, 2211-12, 2212-13, 2213-14, 2214-15, 2215-16, 2216-17, 2217-18, 2218-19, 2219-20, 2220-21, 2221-22, 2222-23, 2223-24, 2224-25, 2225-26, 2226-27, 2227-28, 2228-29, 2229-30, 2230-31, 2231-32, 2232-33, 2233-34, 2234-35, 2235-36, 2236-37, 2237-38, 2238-39, 2239-40, 2240-41, 2241-42, 2242-43, 2243-44, 2244-45, 2245-46, 2246-47, 2247-48, 2248-49, 2249-50, 2250-51, 2251-52, 2252-53, 2253-54, 2254-55, 2255-56, 2256-57, 2257-58, 2258-59, 2259-60, 2260-61, 2261-62, 2262-63, 2263-64, 2264-65, 2265-66, 2266-67, 2267-68, 2268-69, 2269-70, 2270-71, 2271-72, 2272-73, 2273-74, 2274-75, 2275-76, 2276-77, 2277-78, 2278-79, 2279-80, 2280-81, 2281-82, 2282-83, 2283-84, 2284-85, 2285-86, 2286-87, 2287-88, 2288-89, 2289-90, 2290-91, 2291-92, 2292-93, 2293-94, 2294-95, 2295-96, 2296-97, 2297-98, 2298-99, 2299-00, 2300-01, 2301-02, 2302-03, 2303-04, 2304-05, 2305-06, 2306-07, 2307-08, 2308-09, 2309-10, 2310-11, 2311-12, 2312-13, 2313-14, 2314-15, 2315-16, 2316-17, 2317-18, 2318-19, 2319-20, 2320-21, 2321-22, 2322-23, 2323-24, 2324-25, 2325-26, 2326-27, 2327-28, 2328-29, 2329-30, 2330-31, 2331-32, 2332-33, 2333-34, 2334-35, 2335-36, 2336-37, 2337-38, 2338-39, 2339-40, 2340-41, 2341-42, 2342-43, 2343-44, 2344-45, 2345-46, 2346-47, 2347-48, 2348-49, 2349-50, 2350-51, 2351-52, 2352-53, 2353-54, 2354-55, 2355-56, 2356-57, 2357-58, 2358-59, 2359-60, 2360-61, 2361-62, 2362-63, 2363-64, 2364-65, 2365-66, 2366-67, 2367-68, 2368-69, 2369-70, 2370-71, 2371-72, 2372-73, 2373-74, 2374-75, 2375-76, 2376-77, 2377-78, 2378-79, 2379-80, 2380-81, 2381-82, 2382-83, 2383-84, 2384-85, 2385-86, 2386-87, 2387-88, 2388-89, 2389-90, 2390-91, 2391-92, 2392-93, 2393-94, 2394-95, 2395-96, 2396-97, 2397-98, 239

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inc. 20c	32	-	Fin 134.07.00	1054	...
Fin 50c	132			75	

ISC Corp.	20	12	
"Imps"	20	6	
1.C.L.	21		
Landbroks	22		
Leary Bank	23		
Leas	24		
Leas Service	25		
Lloyd's Bank	30		
"Lois"	31		
London Brick	32		
London Corp.	33		
Long Aerospace	34		
"Lor"	35		
Marks & Spencer	36		
Midland Bank	37		
M.E.	38		
M.E. Bank	39		
M.G. Ord.	40		
Property			
Brit. Land			9
Can. Counties			13
Land Sec.			30
M.E.P.			24
Proachy			17
Samuel & Pops			12
Steering Corp.			A
Ditt			
Gravel Co. & Min.			6
Oil. Petroleum			35

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per annum for each security

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[illegible]

Taiwan (ROC) Fund

[illegible]

1	23961	Mutual Fund	8.47	8.71	01
5	9.48	The Money Market Trust			
5	9.92	65 On Victoria St EC4N 45T.			01
1	8.71	Call Fund	8.76	8.68	61
9	4.85	7 day Fund	9.90	6.10	01
		Oppenheimer Money Managem			

	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037	2037-2038	2038-2039	2039-2040	2040-2041	2041-2042	2042-2043	2043-2044	2044-2045	2045-2046	2046-2047	2047-2048	2048-2049	2049-2050	2050-2051	2051-2052	2052-2053	2053-2054	2054-2055	2055-2056	2056-2057	2057-2058	2058-2059	2059-2060	2060-2061	2061-2062	2062-2063	2063-2064	2064-2065	2065-2066	2066-2067	2067-2068	2068-2069	2069-2070	2070-2071	2071-2072	2072-2073	2073-2074	2074-2075	2075-2076	2076-2077	2077-2078	2078-2079	2079-2080	2080-2081	2081-2082	2082-2083	2083-2084	2084-2085	2085-2086	2086-2087	2087-2088	2088-2089	2089-2090	2090-2091	2091-2092	2092-2093	2093-2094	2094-2095	2095-2096	2096-2097	2097-2098	2098-2099	2099-2100	2100-2101	2101-2102	2102-2103	2103-2104	2104-2105	2105-2106	2106-2107	2107-2108	2108-2109	2109-2110	2110-2111	2111-2112	2112-2113	2113-2114	2114-2115	2115-2116	2116-2117	2117-2118	2118-2119	2119-2120	2120-2121	2121-2122	2122-2123	2123-2124	2124-2125	2125-2126	2126-2127	2127-2128	2128-2129	2129-2130	2130-2131	2131-2132	2132-2133	2133-2134	2134-2135	2135-2136	2136-2137	2137-2138	2138-2139	2139-2140	2140-2141	2141-2142	2142-2143	2143-2144	2144-2145	2145-2146	2146-2147	2147-2148	2148-2149	2149-2150	2150-2151	2151-2152	2152-2153	2153-2154	2154-2155	2155-2156	2156-2157	2157-2158	2158-2159	2159-2160	2160-2161	2161-2162	2162-2163	2163-2164	2164-2165	2165-2166	2166-2167	2167-2168	2168-2169	2169-2170	2170-2171	2171-2172	2172-2173	2173-2174	2174-2175	2175-2176	2176-2177	2177-2178	2178-2179	2179-2180	2180-2181	2181-2182	2182-2183	2183-2184	2184-2185	2185-2186	2186-2187	2187-2188	2188-2189	2189-2190	2190-2191	2191-2192	2192-2193	2193-2194	2194-2195	2195-2196	2196-2197	2197-2198	2198-2199	2199-2200	2200-2201	2201-2202	2202-2203	2203-2204	2204-2205	2205-2206	2206-2207	2207-2208	2208-2209	2209-2210	2210-2211	2211-2212	2212-2213	2213-2214	2214-2215	2215-2216	2216-2217	2217-2218	2218-2219	2219-2220	2220-2221	2221-2222	2222-2223	2223-2224	2224-2225	2225-2226	2226-2227	2227-2228	2228-2229	2229-2230	2230-2231	2231-2232	2232-2233	2233-2234	2234-2235	2235-2236	2236-2237	2237-2238	2238-2239	2239-2240	2240-2241	2241-2242	2242-2243	2243-2244	2244-2245	2245-2246	2246-2247	2247-2248	2248-2249	2249-2250	2250-2251	2251-2252	2252-2253	2253-2254	2254-2255	2255-2256
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44 2758T 29133 Princess Victoria St, Bristol
Demand Acc. 0.75 0.04

Monetary Accounts 27 0.00
J. Harry Schroder Wagg & Co
120 Cheapside, London EC2 5 01
Special Dep 0.25 6.75
NOTES—Cheque book 0.00
able. Interest is calculated on
of a nominal rate for a given
or at a rate comparable with
or accounts if the interest
interest credits differ. The an
lowest rate (APR) is
which is well in excess of
actually earned in a year if in
are unchanged. Notice periods
penalty-free minima in some ca
ability may be possible at a
cost.

... ..

[illegible]

[illegible]

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